Dr. Richard B. Adams: I would like to introduce the photostatic copy of the statement filed with the Health Commissioner of the State of Oregon covering the year 1935.

Dr. Martzloff: Have you seen that, Chester?

Dr. Moore: Yes.

—65—

8437 (See Exhibit 8.)

Dr. Martzloff: Did you have anything else you wanted to say?

Dr. Moore: I wanted to make a statement.

Chairman Sears: I want to ask a question or two first.

Dr. Moore: Yes.

Chairman Sears: Has the Industrial Hospital Association ever had patients in the general hospitals in Portland whereby they have paid less for the services rendered by that hospital to those patients than is the usual charge for the general practitioner or the general physician?

Dr. Moore: The hospitals as a general rule—we have never contracted with a hospital; we accept what the hospital wishes to give us, the rate that they wish to give us, understand, for our particular class of work. We have never asked them at any time to give us a lower rate than anybody else. We have never gone to them with the question. If they see fit to give us a rate of a certain amount per week and send us a bill, we pay the bill as rendered to us. We never ask any questions about as to whether they charge anybody else any more than us; we pay the rate that they ask us. We have never gone to them to ask them to give us that rate.

Chairman Sears: Have they ever given you a rate less than—

Dr. Moore: Than the prevailing rate to other organizations doing similar work?

Chairman Sears: No; I mean such as private doctors' patients may have to pay.

Dr. Moore: I think that the rate that the railroad com-

—66—

8438 panies—that the rate that the Portland Railway, Light & Power Company, that the rate of the various organized bodies that guarantee the payment of bills, is less than what the ordinary rate rendered to private patients is.

Chairman Sears: That is what I mean, is the general practice.

Dr. Moore: Yes.

Chairman Sears: Is it true also—

Dr. Moore: Now may I explain on this?

Chairman Sears: Yes.

Dr. Moore: When you say that this rate is less, this is the rate, the bill they send to us. We guarantee the payment of every one of our bills to them; the bill is guaranteed to them; the bill is sent to us and at the end of the month they get their check, and we have very few months that we have ever been behind in giving them a check. Many times in the state of Oregon we have even sent checks to hospitals in advance, because they needed the money, and we had a routine, and we advanced them money for some expenses. They have asked us if we could let them have a little in advance on the bills for the hospital, and we have sent them money in advance.

Chairman Sears: Isn't it true that the hospital associations receive a discount from the druggists, some druggists?

Dr. Moore: Well, when you say a discount, yes. I think that the ordinary bills from drugstores as rendered in many instances are higher than would be ordinarily felt, knowing more about the drug business and being in the drug business ourselves—we have our own drugstore and our own pharmacist—I think those bills oftentimes are

—67—

8439 higher as rendered to private patients than we would expect to go on and pay. In fact, I don't think that we could function very well on the rate we charged for our service and pay the full-charge rate to many drugstores, because I have a personal feeling that the rate is entirely too high. So I believe that druggists as a rule have attempted with organizations like mine, to give us a more moderate rate, and still I think they make plenty of profit for themselves, as judged from our own cost of our own drug record I think they make a very good profit.

Dr. Martzloff: Mr. Chairman, the Grievance Committee is through. The hour is late and we have someone else waiting to appear, and we would just like to ask Dr. Moore if there is anything else he would like to say before we close this meeting.

Dr. Moore: No. I think, gentlemen, what I had to say is embodied pretty largely in the statement I gave to you and will give you a copy of.

Dr. Martzloff: Well, as a member of the Grievance Committee, we certainly appreciate your kindness in com-

ing here and helping us, and we also would like to have you know that while we have to act here in the role of prosecutor in this thing, that is a duty that is forced upon us by our place in the organization, and I want to assure you that it is not a personal matter.

Chairman Sears: Thank you very much, Dr. Moore. As the Chairman of the Board of Censors I would say the same. Thank you very much.

Dr. Moore: Goodnight.

—68—

8440 Mr. Maguire: Goodnight.

(Thereupon, at 9:33 o'clock P. M., the hearing was closed and, after a few minutes informal discussion the Board reconvened and the following further occurred herein:)

Dr. Richard B. Adams: Dr. Sears, will you consider the meeting convened again for a short statement which Dr. Moore wishes to make to defend, in part at least, some of the acts that his organization has been forced to combat.

Dr. Moore: To compete against.

Chairman Sears: Pardon me. Do we want this in the record?

Dr. Moore: Leave it out of the record.

Mr. Maguire: In the stenographic record?

Dr. Moore: No, I don't.

Mr. Maguire: Sure you do.

Dr. Moore: Do you want it?

Mr. Maguire: In there?

Dr. Moore: Yes.

Mr. Maguire: Sure you do.

Dr. Moore: We have carried the Fields Motor Car Company for a number of years. In all the reports we have had from the employer and from the force as a whole they have all been satisfied with the service. The service has been a dollar seventy-five and we have been making an effort to raise our standards and to elevate the rates; in order to raise our standard so as to be able to pay our doctors more we are trying to boost all of our contracts to two dollars. We entered into a verbal understanding

—69—

8441 with the other hospital associations, the prominent ones, and we have twice—I talked to him directly —Mr. Kirk directly had a conversation with Mr. Dam-

masch, in which he came back and reported to me that Dr. Dammasch said he would agree to go to two dollars and wouldn't undercut the price of our contracts and would attempt to raise the contracts to two dollars. In attempting to renew the contract for the Fields Motor Car Company our contact man was over there and found that a solicitor from the Multnomah organization had been over there, had left his contract—

Dr. Martzloff: Pardon me, Dr. Moore; you mean Multnomah Industrial Health Association?

Dr. Moore: Industrial Health Association—had left his contract, had left his card attached to it, and our man contacted them; they wouldn't raise the price to two dollars when they could get the same contract from the Multnomah for a dollar seventy-five. Our contact man immediately came back and reported. He had likewise left word with the Fields Motor Car Company that he didn't think these people could do this. He was informed by the Fields Motor Car Company that he told their agent what our agent has said, that he wouldn't write it for less than two dollars and he knew he couldn't. He left, said he was going to report to headquarters. In the meantime Mr. Kirk contacted Dr. Dammasch. He told him what was going on and asked him if he was going to stick by his agreement, and I don't believe that any definite reply, that he was or was not, was given. However, Mr. Kirk contacted him. Then after contacting him the agent returned, went over to the Fields Motor Car Company—

—70—

8442 Chairman Sears: You mean the agent of Dr. Dammasch?

Dr. Moore: The agent of the Multnomah Health Organization, the same man, went back and today a call came in to our office from one of the employees, or the employer, I am not sure of that, who wants our service, saying that we had better get on the job because the agent who was over there had signed up almost a majority of the men at a dollar seventy-five. So Mr. Kirk went to see Dr. Dammasch about it again and asked him, and Dr. Dammasch told him that he wasn't going to conform to the two dollar fee and was going to write the contract at a dollar seventy-five.

Dr. Mount: That is within this month?

Dr. Moore: What?

Dr. Mount: That is within this month?

Dr. Moore: That is today. That man was over signing those men up today at a dollar seventy-five.

Dr. Mount: Individually?

Dr. Moore: Individually; has got it almost—they informed us he had almost the majority of the men signed up. Now Mr. Kirk's boy, who is one of our contact men, came into my office and said to me, "Dr. Moore, it is hell to lose all of this business." That is a salesman's talk, understand. I said, "I don't give a damn;" I said, "there are other things bigger than breaking an agreement; and," I said, "even though you do lose the contract, I don't care." I said, "You are going to stick by that agreement; you are going to stick on the two dollars, and I don't give a damn if you do lose the contract." He said, "We can get the contract; we can have it for the old price." I said, "I don't give a damn, don't take it. I don't

8443 want it at that price. If we can't get the two dollars for it let the Multnomah people take it." That is going on today.

Dr. Martzloff: Chester, the agreement you are speaking of is an agreement between the Multnomah Industrial Health, and the Industrial Hospital Association?

Dr. Moore: Yes.

Dr. Martzloff: An agreement you had to render service for two dollars per person; is that it?

Dr. Moore: We tried to get the hospital associations—they are all alike; that is, our standard contracts, one is copied after the other, to agree to put that up to two dollars so we could maintain our standards and pay our doctors better. I will say this about the National. The National since we talked with them about it haven't broken one agreement with us, not one, and I talked to Dammasch about it and Dammasch agreed to go to two dollars, and it was understood that he would stay on that rate, and now he told Mr. Kirk today he wasn't going to stand on it, he was going to write the contract for a dollar seventy-five.

Dr. Martzloff: Chester, the National Hospital Association and your group do essentially the same type of work?

Dr. Moore: Essentially, yes.

Dr. Martzloff: Do you feel that the National Hospital Association differs from your group? Would you consider them an insurance organization primarily or a hospital association primarily?

Mr. Maguire: A hospital association under the law is an insurance association.

—72—

8444 Dr. Martzloff: But they write the same type of business that you write?

Dr. Moore: I think their policy is almost the same as ours.

Dr. Martzloff: In other words, you don't hold yourself out to your potential customers as an insurance company; you hold yourself out as a hospital association, do you not?

Dr. Moore: We have always considered ourselves as a hospital association.

Dr. Martzloff: Yes.

Dr. Moore: Whatever the interpretation under the legal status of the state is, as to what a hospital association is, but we are a hospital association.

Dr. Martzloff: But you are rendering medical service and medical care, are you not?

Dr. Moore: A hospital association service and general care.

Dr. Martzloff: Yes. The National Hospital Association does the same thing?

Dr. Moore: Practically the same thing. I don't think there is any difference in the service we render.

Chairman Sears: Dr. Moore, is this a statement we are permitted to use as evidence?

Dr. Moore: Absolutely, use it as you want to.

Chairman Sears: Thank you.

Dr. Moore: Use it as you want to, and if I can verify these facts for you by evidence I am perfectly willing to furnish the evidence to you. It is perfectly open for you to use.

Chairman Sears: All right. Thank you.

(Thereupon at 9:41 o'clock P. M., the hearing was concluded.)

Plaintiff's Exhibit 1887

8445 Portland 4, Oregon, MP 3/6/46

NATIONAL HOSPITAL ASSOCIATION
TOP FLOOR MOHAWK BUILDING
PHONE ATWATER 5291

IN ACCOUNT WITH

Mr. James Forseth — CHECK. NO. 19
c/o G. T. Haney, Bus. Agent
Local I. W. A. — AMOUNT $ 8.50
Seaside, Oregon

The enclosed check is in payment of the following:

In refund to patient for services rendered by
Dr. J. E. Vinson..... 8.50
2/26,28,3/4 Med

W. B. Hollenbeck

8446 PORTLAND 4, OREGON, MP 1/29/46

NATIONAL HOSPITAL ASSOCIATION
TOP FLOOR MOHAWK BUILDING
PHONE ATWATER 5291

IN ACCOUNT WITH

Mr. Leonard Salminen — CHECK NO.....
c/o G. T. Haney, Bus. Agent
I. W. A., Local ~~No. 5~~4 — AMOUNT $ 6.00
Seaside, Oregon

The enclosed check is in payment of the following:

In refund to patient for services rendered by
Dr. S. A. Kleger..... 6.00
1/19,21/46 Med

W. B. Hollenbeck
letter/meb

8447 PORTLAND 4, OREGON. MP 3/2/46

NATIONAL HOSPITAL ASSOCIATION
TOP FLOOR MOHAWK BUILDING
PHONE ATWATER 5291

IN ACCOUNT WITH

Mr. Leonard Salminen
c/o Guy Haney—I. W. A.
Seaside, Oregon

CHECK NO. 52
AMOUNT $ 9.50

The enclosed check is in payment of the following:

In refund to patient for services rendered by Dr. J. E. Vinson	6.00
2/27 OE	
In refund to patient for services rendered by Dr. S. A. Kleger	3.50
2/4 Med	
	9.50

W. B. Hollenbeck

Plaintiff's Exhibit 1889

8448 BEFORE THE BOARD OF CENSORS
OF THE MULTNOMAH COUNTY
MEDICAL SOCIETY

Hearing In Re: Drs. George R. Suckow, J. D. Leonard and T. Tharaldsen, and Dr. C. G. Sabin

Portland, Oregon
November 20, 1936

CLOYD RAUCH
COURT REPORTER NOTARY PUBLIC
201 COUNTY COURT HOUSE—ATWATER 5387
PORTLAND, OREGON

8449 BEFORE THE BOARD OF CENSORS
OF THE MULTNOMAH COUNTY
MEDICAL SOCIETY

In Re: Drs. George R. Suckow, J. D. Leonard and T. Haraldsen, and Dr. C. G. Sabin.

AUDITORIUM, MEDICAL DENTAL BUILDING
PORTLAND, OREGON, FRIDAY, NOVEMBER 20, 1936,
7:30 o'clock P.M.

Board of Censors:

Dr. Charles E. Sears, Chairman;
Dr. Frank Mount;
Dr. Robert L. Benson;

Dr. John C. Adams, Secretary;
Mr. Clyde C. Foley, Executive Secretary.

Grievance Committee:

Dr. Karl H. Martzloff (Absent);
Dr. Richard B. Adams;
Dr. Frederick A. Kiehle (Absent).

8450 PROCEEDINGS

Chairman Sears: Now we will resume our meeting and the meeting will come to order. We will now consider the case of Dr. George R. Suckow, and we will ask Mr. Foley to present the copy of the letter of the charges sent to Dr. Suckow.

Executive Secretary Foley: I hand you, under date of November 10th, 1936, a letter giving notice of this meeting.

(A copy of letter dated November 10, 1936 to Dr. George R. Suckow from Multnomah County Medical Society, by Chairman, Board of Censors, was thereupon marked "Suckow, Exhibit No. 1", and is attached to the original of this transcript.)

Executive Secretary Foley: Together with a copy of the charges against Dr. Suckow, which accompanied the letter.

(A two-page letter dated November 10, 1936 to Dr. John C. Adams, Secretary, Multnomah County Medical Society from the Grievance Committee, was thereupon marked "Suckow, Ex-

hibit No. 2", and is attached to the original of this transcript.)

Executive Secretary Foley: I hand you a letter received tonight from Dr. George R. Suckow, received at 7:00 P.M. tonight, as an answer to the charges.

(A three-page letter dated November 20, 1936, from George R. Suckow, M.D. to Dr. Charles E.
8451 Sears, Chairman, Board of Censors, Multnomah County Medical Society, was thereupon marked "Suckow, Exhibit No. 3", and is attached to the original of this transcript.)

Chairman Sears: Members of the Board of Censors, and gentlemen: You have read Dr. Suckow's letter which we have received this evening in lieu of his presence here tonight. What action do you wish to take, or have you any comments?

Dr. Mount: Mr. Chairman.

Chairman Sears: Dr. Mount.

Dr. Mount: In view of the fact that Dr. Suckow was notified on the 5th of November to appear at a meeting with the Board of Censors on November 9th in a conciliatory effort concerning matters submitted by the Grievance Committee, at which meeting Dr. Suckow declined to appear, notifying the Board of Censors at about 7:00 P.M. on November 9th, and also in view of the fact that on November 10th a notification was sent to Dr. Suckow requesting him to appear this evening for a formal hearing, it is apparent that Dr. Suckow has had full information concerning this meeting, and I would move that we proceed with the consideration of the evidence to be submitted by the Grievance Committee in support of these charges.

Dr. Benson: I second the motion.

Chairman Sears: All in favor of this motion,
8452 respond by the usual affirmative "Aye". It is so carried and so ordered. We will proceed and ask the Grievance Committee to present their evidence.

Dr. Adams.

Dr. Richard B. Adams: Mr. Chairman, in the case of Dr. Suckow before your committee, I present as evidence of his association with the National Hospital Association the following paragraph of his letter to your committee, in answer to the charges preferred by the Grievance Committee. I quote from a portion of this paragraph. (Reading):

"I render professional services (both medical and surgical) to sick and injured persons who I understand are under the protection of medical insurance contracts between the National Hospital Association and employers for the benefit of their employees, as authorized by the laws of Oregon, and for these services I am paid by the National Hospital Association and the entire compensation received by me belongs absolutely to me."

And as further evidence of Dr. Suckow's association, I enter as an exhibit the sworn statement of John J. Coughlin, from which I read. (Reading):

"I, John J. Coughlin, being first duly sworn, depose and say

"That the telephone number of Drs. J. D. Leonard and George Suckow is the same as the National Hospital
8453 Association, and their telephones are extensions of that of the National Hospital Association. That Dr. T. Tharaldsen's telephone is listed as BEacon 7589 (which is not that of the National Hospital Association) Journal Building. That I called BEacon 7689, and asked for Dr. Tharaldsen on November 20, 1936. The girl who answered told me Dr. Tharaldsen's office was no longer in the Journal Building but was on the fourth floor of the Mohawk Building.

"On November 18, 1936 I talked to the Building Superintendent of the Mohawk Building, Portland. He informed me that the entire fourth floor of that building was leased by the National Hospital Association, and paid for by that company. The offices of Drs. Tharaldsen, Leonard, and Suckow are on that floor. I particularly asked the Superintendent about the offices of the said doctors, and he told me that their offices were leased by the National Hospital Association and paid for by that Association."

(The said affidavit of John J. Coughlin, subscribed and sworn to November 20, 1936, before Lorna Brooks, Notary Public for Oregon, was thereupon marked "Suckow, Exhibit No. 4", and is attached to the original of this transcript.)

Dr. Richard B. Adams: By this evidence, the Grievance Committee feels that they have adequately established the connection of Dr. Suckow with the National Hospital
8454 Association. As evidence of the character of the operations of the National Hospital Association, I submit in evidence the entire transcript of the proceedings

in the hearing of the case of Dr. C. G. Sabin of November 16, 1936, which transcript contains the statement of the facts upon which the Grievance Committee has preferred charges against Dr. Suckow.

Chairman Sears: I would suggest that we then proceed with the case of the other two individuals, Dr. Leonard and Dr. Tharaldsen, and after the completion of the testimony of the Grievance Committee, we will then take a short recess and discuss these cases on the evidence, in executive
8455 session.

Chairman Sears: We will now consider the case of Dr. J. D. Leonard. We will ask Mr. Foley to present the copy of the letter of the charges sent to Dr. Leonard.

Executive Secretary Foley: I hand you, under date of November 10th, 1936, a letter giving notice of this meeting.

(A copy of letter dated November 10, 1936 to Dr. J. D. Leonard from Multnomah County Medical Society, by Chairman, Board of Censors, was thereupon marked "Leonard, Exhibit No. 1", and is attached to the original of this transcript.)

Executive Secretary Foley: Together with a copy of the charges against Dr. Leonard, which accompanied the letter.

(A two-page letter dated November 10, 1936 to Dr. John C. Adams, Secretary, Multnomah County Medical Society, from the Grievance Committee, was thereupon marked "Leonard, Exhibit No. 2", and is attached to the original of this transcript.)

Executive Secretary Foley: I hand you a letter received from Dr. J. D. Leonard, as an answer to the charges.

(A four-page letter dated November 19, 1936, from J. D. Leonard, M.D. to Dr. Charles E. Sears, Chairman, Board of Censors, Multnomah County Medical Society, was thereupon "Leonard, Exhibit No. 3, and is attached to the
8456 original of this transcript.)

Chairman Sears: Members of the Board of Censors, and gentlemen: You have read Dr. Leonard's letter which we have received this evening in lieu of his presence here tonight. What action do you wish to take, or have you any comments?

Dr. Mount: Mr. Chairman.

Chairman Sears: Dr. Mount.

Dr. Mount: In view of the fact that Dr. Leonard was notified on the 5th of November to appear at a meeting with the Board of Censors on November 9th in a conciliatory effort concerning matters submitted by the Grievance Committee, at which meeting Dr. Leonard declined to appear, notifying the Board of Censors on November 9th, and also in view of the fact that on November 10th a notification was sent to Dr. Leonard requesting him to appear this evening for a formal hearing, it is apparent that Dr. Leonard has had full information concerning this meeting, and I would move that we proceed with the consideration of the evidence to be submitted by the Grievance Committee in support of these charges.

Dr. Benson: I second the motion.

Chairman Sears: All in favor of this motion, respond by the usual affirmative "Aye". It is so carried and so ordered. We will proceed and ask the Grievance
8457 Committee to present their evidence.

Dr. Adams.

Dr. Richard B. Adams: The first charge in the formal charges urged against Dr. Leonard was that he is associated with the National Hospital Association. This charge is substantiated by Dr. Leonard's own statement in his reply, where he states: (Reading)

"I have never been an officer, stockholder or director. I render professional services, medical and surgical, to sick and injured persons, under the protection of medical insurance contracts between National Hospital Association and employers for the benefit of their employees, which as I understand it are authorized and recognized by the laws of this State. I am paid for these services, rendered from time to time, by National Hospital Association and the entire compensation received by me belongs to me."

In further substantiation of the fact that Dr. Leonard is associated with the National Hospital Association, I refer you to the affidavit presented for your consideration by John J. Coughlin, wherein he states, in part, as follows:

(Reading from affidavit heretofore marked "Suckow, Exhibit #4"):

"That the telephone number of Drs. J. D. Leonard and George Suckow is the same as the National Hospital Association, and their telephones are extensions of that of the

National Hospital Association." And also: "On No-
8458 vember 18, 1936 I talked to the Building Superintendent of the Mohawk Building, Portland. He informed me that the entire fourth floor of that building was leased by the National Hospital Association, and paid for by that company. The offices of Drs. Tharaldsen, Leonard, and Suckow are on that floor. I particularly asked the Superintendent about the offices of the said doctors, and he told me that their offices were leased by the National Hospital Association and paid for by that Association."

The above, in our estimation, establishes Dr. Leonard's association with the National Hospital Association.

The facts upon which the remainder of the charges were based are contained in the transcript of the evidence presented before this Board in the hearing of Dr. Sabin on formal charges held on November 16, 1936. That completes our presentation of evidence to substantiate the charges against Dr. Leonard.

Mr. Chairman, this completes the evidence in the case of Dr. Leonard, and at your pleasure, we will take up the Case of Dr. Tharaldsen.

8459 Chairman Sears: We will now take up the case of Dr. T. Tharaldsen. We will ask Mr. Foley to present a copy of the letter of the charges sent to Dr. Tharaldsen.

Executive Secretary Foley: Dr. Sears, I offer in evidence a notice dated November 10th, 1936, addressed to Dr. T. Tharaldsen, giving him notice of this meeting tonight.

(A copy of letter dated November 10th, 1936, to Dr. T. Tharaldsen from Multnomah County Medical Society, by Chairman, Board of Censors, was thereupon marked "Tharaldsen, Exhibit No. 1", and is attached to the original of this transcript.)

Executive Secretary Foley: I further offer in evidence as Exhibit No. 2 a copy of the formal charges filed by the Grievance Committee with the Secretary of the Multnomah County Medical Society, involving the National Hospital Association and Dr. Tharaldsen.

(A two-page letter dated November 10, 1936, to Dr. John C. Adams, Secretary, Multnomah County Medical Society, from the Grievance Committee, was thereupon marked "Tharaldsen, Exhibit No. 2", and is attached to the original of this transcript.)

Executive Secretary Foley: I further offer in evidence a letter signed by T. Tharaldsen addressed to Dr. Charles E. Sears, Chairman, Board of Censors, dated November 20th, 1936.

(The said letter dated November 20th, 1936, from
8460 T. Tharaldsen to Dr. Charles E. Sears, Chairman, Board of Censors, Multnomah County Medical Society, was thereupon marked "Tharaldsen, Exhibit No. 3", and is attached to the original of this transcript.)

Executive Secretary Foley: I further offer in evidence a letter and statement signed by Dr. T. Tharaldsen addressed to Dr. Charles E. Sears, Chairman, Board of Censors, dated November 20th, 1936, which will be marked as Exhibit 4, and which contains a statement of Dr. Tharaldsen in replying to the charges filed by the Grievance Committee.

(A nine-page letter dated November 20th, 1936, from T. Tharaldsen to Dr. Charles E. Sears, Chairman, Board of Censors, Multnomah County Medical Society, was thereupon marked "Tharaldsen, Exhibit No. 4", and is attached to the original of this transcript.)

Executive Secretary Foley: Dr. Tharaldsen, as you know, is not present tonight, and I would like to ask the Board of Censors whether they want to consider the charges against Dr. Tharaldsen at this time.

Dr. Mount: Mr. Chairman.

Chairman Sears: Dr. Mount.

Dr. Mount: It is the knowledge of the Board of Censors that on October 28th, Dr. Tharaldsen was requested to appear for conciliation and discussion of this matter on November 2nd. The afternoon of November 2nd he made telephonic statement that he could not appear that evening. On November 5th a similar notification was sent
8461 to him asking Dr. Tharaldsen to appear before the Board of Censors for a conciliatory discussion on November 9th. At seven o'clock P.M. on November 9th, the Board of Censors received a letter from Dr. Tharaldsen stating he could not appear that evening. On November 10th, Dr. Tharaldsen was forwarded a notification for the present hearing. It would appear that Dr. Tharaldsen has had full and sufficient notification of this meeting, and I move that we proceed with the consideration of the evidence

in the hands of the Grievance Committee concerning the case of Dr. Tharaldsen.

Dr. Benson: I second the motion.

Chairman Sears: All those in favor of Dr. Mount's motion, respond with the usual affirmative "Aye". The motion is carried.

Now we will proceed with the charges.

Dr. Richard B. Adams: Mr. Chairman, in substantiation of our first assertion that Dr. Tharaldsen is associated with the National Hospital Association, I want to first bring out the statement made by Dr. Tharaldsen in his letter of November 20th, on page 8 of his statement, wherein he said: (Reading)

"I am not and never have been a stockholder, director or officer of National Hospital Association, and have nothing whatever to do with the management of its affairs. In the practice of my profession from time to time I render
8462 professional services, both medical and surgical, to the injured and sick under the protection of medical insurance contracts made by the National Hospital Association with employers for the benefit of their employees. For these services the National Hospital Association pays me, as it is required to do by its contracts with the employers. The compensation I receive is wholly mine and the treatment given by me, whether medical or surgical, is entirely under my control."

I further want to present to the Board the affidavit of John J. Coughlin which has been introduced in evidence in the case of Dr. Suckow here this evening, wherein it is said in part: (Reading from affidavit heretofore marked "Suckow, Exhibit No. 4")

"That Dr. T. Tharaldsen's telephone is listed as Beacon 7689 (which is not that of the National Hospital Association) Journal Building. That I called Beacon 7689, and asked for Dr. Tharaldsen on November 20, 1936. The girl who answered told me Dr. Tharaldsen's office was no longer in the Journal Building but was on the fourth floor of the Mohawk Building.

"On November 18, 1936 I talked to the Building Superintendent of the Mohawk Building, Portland. He informed me that the entire fourth floor of that building was leased by the National Hospital Association, and paid for by that company. The offices of Drs. Tharaldsen, Leonard, and

Suckow are on that floor. I particularly asked the
8463 Superintendent about the offices of the said doctors, and he told me that their offices were leased by the National Hospital Association and paid for by that Association."

This evidence, together with the fact that some of the letterheads on the paper which Dr. Tharaldsen has used in communication with your Board shows that his office is on the fourth floor of the Mohawk Building, Portland, we consider this evidence to show that Dr. Tharaldsen is associated with the National Hospital Association.

In proof of the further charges contained in our formal charges against Dr. Tharaldsen, I refer to the testimony produced at the meeting of November 16, 1936, in which Dr. Sabin was accused of certain unethical conduct. The transcript and exhibits in the case of Dr. Sabin contain all the information and evidence which in our mind show that Dr. Tharaldsen and the National Hospital Association are engaged in the unethical practices which are charged in our formal charges.

This is all the evidence which we have to present to the Board at this time in support of the formal charges filed against Dr. Tharaldsen.

Chairman Sears: Gentlemen, what do you wish to do with the evidence in this case?

Dr. Mount: Mr. Chairman, I move we have a brief recess.

Dr. Benson: I second the motion.

Chairman Sears: It is moved and seconded we have a recess. All in favor, respond by the usual affirmative
8464 "Aye". It is so carried.

(Whereupon a short recess was taken, after which proceedings were resumed as follows):

8465 Chairman Sears: The meeting will now reconvene to consider the case of Dr. Sabin.

At our previous meeting, of which this present meeting tonight is a continuation, I, the Chairman, made the statement that if there was further material evidence which the Grievance Committee wished to present, we would notify Dr. Sabin to this effect, to give him the opportunity to appear when the session was resumed.

Dr. Adams, have you any further material evidence to present?

Dr. Richard B. Adams: Dr. Sears, the Grievance Committee does not have any further evidence to present in

the case of Dr. Sabin. After due consideration, the Grievance Committee feels that the connection of Dr. C. G. Sabin with the National Hospital Association is adequately established.

Chairman Sears: There being no further material evidence presented by the Grievance Committee, we will proceed with the meeting of the Board of Censors, to discuss the evidence presented and form our conclusions and act upon the same.

Dr. Mount: I move that we go into executive session.

Dr. Benson: I second the motion.

Chairman Sears: It has been moved and seconded that we go into executive session. All those in favor, respond by the usual affirmative "Aye". It is carried and so
8466 ordered.

Chairman Sears: Ordinary session is now resumed.

Gentlemen, you have heard the evidence. Do you feel that the charges have been sustained?

Dr. Mount: I move the adoption of the following resolution: It is the sense and conclusion of the Board of Censors, and the Board recommends to the council of the Multnomah County Medical Society, that the charges filed by the Grievance Committee against Dr. Sabin are sustained; that Dr. Sabin be expelled, and that a copy of this motion and recommendation be forthwith transmitted to the council of the Multnomah County Medical Society.

Dr. Benson: I second the motion.

Chairman Sears: It is moved and seconded. All in favor, respond with the usual affirmative "Aye". The motion is carried, and I hereby direct the Secretary to submit a copy of this action to the council of the Multnomah County Medical Society.

8467 Dr. Benson: Mr. Chairman, I move that we take up the consideration of the case of Dr. Suckow.

Chairman Sears: Gentlemen, you have heard the evidence. Do you feel that the charges have been sustained?

Dr. Benson: Mr. Chairman, I move the adoption of the following resolution: It is the sense and conclusion of the Board of Censors, and the Board recommends to the council of the Multnomah County Medical Society that the charges filed by the Grievance Committee against Dr. Suckow are sustained; that Dr. Suckow be expelled, and that

a copy of this motion and recommendation be forthwith transmitted to the council of the Multnomah County Medical Society.

Dr. Mount: I second the motion.

Chairman Sears: It is moved and seconded. All in favor, respond with the usual affirmative "Aye". The motion is carried, and I hereby direct the Secretary to submit a copy of this action to the council of the Multnomah County Medical Society.

8468 Chairman Sears: The next case is that of Dr. Leonard. Are you ready to act on the case of Dr. Leonard?

Dr. Benson: I move the adoption of the following resolution: It is the sense and conclusion of the Bard of Censors, and the Board recommends to the council of the Multnomah County Medical Society, that the charges filed by the Grievance Committee against Dr. J. D. Leonard are sustained; that Dr. Leonard be expelled, and that a copy of this motion and recommendation be forthwith transmitted to the council of the Multnomah County Medical Society.

Dr. Mount: I second the motion.

Chairman Sears: You have heard the motion and the second. All in favor of this motion, respond by the usual affirmative "Aye". The motion is carried, and I hereby direct the Secretary to submit a copy of this action to the council of the Multnomah County Medical Society.

8469 Chairman Sears: Are you ready to take up the case of Dr. Tharaldsen?

Dr. Mount: I move the adoption of the following resolution: It is the sense and conclusion of the Board of Censors, and the Board recommends to the council of the Multnomah County Medical Society, that the charges filed by the Grievance Committee against Dr. T. Tharaldsen are sustained; that Dr. Tharaldsen be expelled, and that a copy of this motion and recommendation be forthwith transmitted to the council of the Multnomah County Medical Society.

Dr. Benson: I second the motion.

Chairman Sears: You have heard the motion and second. All in favor of this motion, respond with the usual affirmative "Aye". The motion is carried, and I hereby direct the Secretary to submit a copy of this action to the council of the Multnomah County Medical Society.

Is there any further business to come before this Board of Censors? We will take a recess.

(A short recess was taken, after which the following occurred):

Chairman Sears: We will now resume ordinary meeting.
Dr. Mount: I move we adjourn.
Dr. Benson: Second the motion.
Chairman Sears: The meeting is adjourned.

(Meeting adjourned at 11:25 o'clock P.M., Friday, November 20, 1936.)

8470 STATE OF OREGON,
COUNTY OF MULTNOMAH, *ss.:*

I, W. J. LOOKER, do hereby certify that I am an experienced and qualified shorthand reporter; that I reported in shorthand the proceedings had upon the hearings in re Drs. George R. Suckow, J. D. Leonard and T. Tharaldsen, and Dr. C. G. Sabin on the day and date and at the time and place hereinbefore specifically set forth; that I subsequently caused to be reduced to typewriting my said shorthand notes so taken upon the hearing of said matter, and the foregoing transcript, being pages numbered from 1 to 21, both inclusive, constitutes a full, true and accurate record of the oral proceedings had upon said hearings.

I further certify that the only exhibits introduced during said hearings were marked as follows:

Suckow Exhibits 1, 2, 3 and 4;

Leonard Exhibits 1, 2 and 3;

Tharaldsen Exhibits 1, 2, 3 and 4; respectively.

All of said exhibits are attached to the original of this transcript.

DATED at Portland, Oregon, November 27, 1936.

(Signed) W. J. LOOKER
Shorthand Reporter.

November 10, 1936

Dr. George R. Suckow
Mohawk Building
Portland, Oregon

Dear Dr. Suckow:

The Board of Censors has had referred to it certain charges against you received by the Secretary on November 10, 1936.

This letter is to notify you that the Board of Censors will consider these charges at a meeting to be held in the auditorium of the Medical-Dental Building on the 20th day of November, 1936 at 8:30 o'clock P.M.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by .....
Chairman, Board of Censors

8471

MULTNOMAH COUNTY
MEDICAL SOCIETY

PORTLAND, OREGON

GRIEVANCE COMMITTEE

November 10, 1936

Dr. John C. Adams, Secretary
Multnomah County Medical Society
Medical-Dental Building
Portland, Oregon

Dear Dr. Adams:

We have carefully examined certain evidence presented to us regarding the contract practice of the National Hospital Association and that of Dr. George R. Suckow in connection with that association.

It appears from this evidence that the contract practice engaged in by Dr. Suckow in connection with the National Hospital Association is in violation of the Principles of Medical Ethics of the American Medical Association.

It therefore becomes our duty as the duly appointed Grievance Committee of our society to prefer the following charges against Dr. Suckow:

1. That he is associated with the National Hospital Association of Portland, Oregon.

2. That the National Hospital Association and Dr. George R. Suckow are engaged in the contract practice of medicine in such manner as to violate Chapter III, Article VI, Section 2, of the Principles of Medical Ethics of the American Medical Association, in that

   (a) They employ solicitation, directly or indirectly;

   (b) The manner of conducting their practice, and its tendency and effect, is such as to prevent free choice of physician;

   (c) The contract practice engaged in, and its practical results, are contrary to sound public policy.

3. That the National Hospital Association and Dr. George R. Suckow have violated Chapter III, Article I, Section 4 of the said Principles of Medical Ethics, in that—

   (a) They issue circulars and solicit patients by advertisements and personal communications;

   (b) They procure patients by indirection through solicitors or agents.

8472 4. That Dr. George R. Suckow has violated Chapter III, Article VI, Section 4 of the said Principles of Medical Ethics in that he disposes of his professional attainments or services in such a manner as to permit a direct profit from the fees, salary or compensation received to accrue to the National Hospital Association and its stockholders, one of whom is a layman.

Very truly yours,

GRIEVANCE COMMITTEE

(Signed) KARL H. MARTZLOFF

(Signed) FRED A. KIEHLE

(Signed) R. B. ADAMS

8473 GEORGE R. SUCKOW, M.D.
415 MOHAWK BLD'G.
PORTLAND, OREGON

November 20, 1936

Dr. Charles E. Sears, Chairman,
Board of Censors,
Multnomah County Medical Society,
Portland, Oregon.

Dear Sir:

I acknowledge receipt of your letter of November 10th, 1936, with which you transmit charges against me, signed by Drs. R. B. Adams, Karl H. Martzloff and Frederick A. Kiehle, and notify me that the Board of Censors will consider these charges on November 20th, 1936 at 8:30 P.M. This communication is my answer to these charges.

The charges state that the gentlemen who signed them had considered the evidence presented to them upon which the charges are said to be based. I do not know of any such evidence. None has been called to my attention and in fact none exists that support the charges.

I am informed through several reliable sources that all that is being now done is a mere matter of form and that the action to be ultimately taken has already been predetermined.

However, the charges will be taken up in the order in which they are stated, and answered:

1. I am not, and never have been an officer, stockholder or director of National Hospital Association and at no time have had anything to do with the conduct of its business. I render professional services (both medical and surgical) to sick and injured persons who I understand are under the protection of medical insurance contracts between the National Hospital Association and employers for the benefit of their employees, as authorized by the laws of Oregon, and for these services I am paid by the National Hospital Association and the entire compensation received by me belongs absolutely to me.

2. I deny that I am engaged in the contract practice of medicine in such manner as to violate Chapter III, article VI, section 2, of the Principles of the Medical Ethics of the American Medical Profession, or at all.

As far as I know, the National Hospital Association is not engaged in the contract practice of medicine but makes

contracts with employers, as authorized by the laws of Oregon, under which it bears the expense of medical and surgical care and hospitalization of persons under the protection of such medical insurance contracts.

2. (a) I deny that I employ solicitation, directly or indirectly, or that I ever have done so.

2. (b) I deny that the manner of conducting my practice or its tendency or effect is such as to prevent the free choice of physicians.

8474 2. (c) As stated above, I am not engaged in contract practice. I am paid for the professional services rendered by me and the compensation received belongs to me. I wish to point out in this connection, although it perhaps has no direct bearing on my personal status, that contracts for medical and surgical services and hospitalization have been in use in this State for a great many years and are authorized and recognized by the laws of Oregon. Railroad companies, large oil companies and most of the large employers of the State, in one form or another, make provision for giving medical and surgical services and hospitalization for employees, the expense including fees for medical services to be paid out of deductions from the wages of employees. A very large percentage of the members of the medical profession in this State have, at one time or another, treated persons under the protection of such contracts and received their compensation from the medical contractor, and a great many are doing so at the present time. There are, as you know, a number of private corporations organized by doctors for profit engaged in the hospital association business on precisely the same terms and operating under the same laws as other corporations engaged in like business. Among others, I call your attention to Multnomah Industrial Health Association, Physicians and Surgeons Hospital Association of Salem, Southern Oregon Medical Association, and Hillside Hospital Company at Klamath Falls. You are also familiar with the practice in various lodges and fraternal orders to secure the services of physicians, members of the lodge, who make all examinations and take fees out of the dues collected. You are also, no doubt, familiar with the practice among sundry insurance companies with regard to the employment of a particular physician or physicians who do their work.

As you know, the Multnomah Industrial Health Association was organized with the official approval of the Mult-

nomah County Medical Society. It may be assumed that the other corporations, whose stockholders are composed of doctors, were organized with the approval of their several county societies. The Multnomah Industrial Health Association, which numbers among its stockholders many of the most prominent doctors in the city, issued circulars relating to its business and which I think very clearly stated the situation in the following language:

> "The laws of Oregon recognize the value of medical and hospital insurance and authorize employers to contract for this service for the benefit of employes. Today medical and hospital coverage is considered by many as equal in importance to industrial accident and employers' liability insurance. Ask your friends who have used it. * * *
>
> "It protects you against the financial burden often caused by a prolonged illness or a surgical operation.
>
> "It provides complete service (medical, surgical, hospital, etc.) whenever you suffer any illness or any injury.
>
> "The cost to you is small . . . while the protection and service you receive are invaluable."

8475 3. I deny that I have violated chapter III, article I, section 4, of the said Principles of Medical Ethics, and

3. (a) I have at no time issued circulars or solicited patients by advertisements or personal communications or in any other manner, and

3. (b) I deny that I procure, or ever have procured patients by indirection through solicitors or agents.

4. I deny that I have violated chapter III, article VI, section 4 of said Principles of Medical Ethics. I do not now dispose of, and never have disposed of my professional attainments or services in such manner as to permit a direct profit from the fees, salary or compensation received by me to accrue to the National Hospital Association or to its stockholders, or any profit to accrue to any one but myself.

Very truly yours,

(Signed) GEORGE R. SUCKOW, M.D.
George R. Suckow, M. D.

GRS:H

8476 STATE OF OREGON
COUNTY OF MULTNOMAH, *ss.*:

I, John J. Coughlin, being first duly sworn, depose and say

That the telephone number of Drs. J. D. Leonard and George Suckow is the same as the National Hospital Association, and their telephones are extensions of that of the National Hospital Association. That Dr. T. Tharaldsen's telephone is listed as BEacon 7589 (which is not that of the National Hospital Association) Journal Building. That I called BEacon 7689, and asked for Dr. Tharaldsen on November 20, 1936. The girl who answered told me Dr. Tharaldsen's office was no longer in the Journal Building but was on the fourth floor of the Mohawk Building.

On November 18, 1936 I talked to the Building Superintendent of the Mohawk Building, Portland. He informed me that the entire fourth floor of that building was leased by the National Hospital Association, and paid for by that company. The offices of Drs. Tharaldsen, Leonard, and Suckow are on that floor. I particularly asked the Superintendent about the offices of the said doctors, and he told me that their offices were leased by the National Hospital Association and paid for by that Association.

(Signed) JOHN J. COUGHLIN

Subscribed and sworn to before me this 20 day of November 1936.

(Signed) LORNA BROOKS
Notary Public for Oregon
Commission expires on June 10, 1939

(SEAL)

8477 November 10, 1936

Dr. J. D. Leonard
Mohawk Building
Portland, Oregon

Dear Dr. Leonard:

The Board of Censors has had referred to it certain charges against you received by the Secretary on November 10, 1936.

This letter is to notify you that the Board of Censors will consider these charges at a meeting to be held in the

auditorium of the Medical-Dental Building on the 20th day of November, 1936 at 8:30 o'clock P.M.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by .....
Chairman, Board of Censors

8478

MULTNOMAH COUNTY
MEDICAL SOCIETY

PORTLAND, OREGON

GRIEVANCE COMMITTEE

November 10, 1936

Dr. John C. Adams, Secretary
Multnomah County Medical Society
Medical-Dental Building
Portland, Oregon

Dear Dr. Adams:

We have carefully examined certain evidence presented to us regarding the contract practice of the National Hospital Association and that of Dr. J. D. Leonard in connection with that association.

It appears from this evidence that the contract practice engaged in by Dr. Leonard in connection with the National Hospital Association is in violation of the Principles of Medical Ethics of the American Medical Association.

It therefore becomes our duty as the duly appointed Grievance Committee of our society to prefer the following charges against Dr. Leonard:

1. That he is associated with the National Hospital Association of Portland, Oregon.
2. That the National Hospital Association and Dr. J. D. Leonard are engaged in the contract practice of medicine in such manner as to violate Chapter III, Article VI, Section 2, of the Principles of Medical Ethics of the American Medical Association, in that
   (a) They employ solicitation, directly or indirectly;
   (b) The manner of conducting their practice, and its tendency and effect, is such as to prevent free choice of physician;

(c) The contract practice engaged in, and its practical results, are contrary to sound public policy.

3. That the National Hospital Association and Dr. J. D. Leonard have violated Chapter III, Article I, Section 4 of the said Principles of Medical Ethics, in that—

(a) They issue circulars and solicit patients by advertisements and personal communications;

(b) They procure patients by indirection through solicitors or agents.

8479 4. That Dr. J. D. Leonard has violated Chapter III, Article VI, Section 4 of the said Principles of Medical Ethics in that he disposes of his professional attainments or services in such a manner as to permit a direct profit from the fees, salary or compensation received to accrue to the National Hospital Association and its stockholders, one of whom is a layman.

Very truly yours,

(Signed) R. B. ADAMS

(Signed) KARL H. MARTZLOFF

(Signed) FRED A. KIEHLE

8480 JOHN DORMAN LEONARD
PHYSICIAN AND SURGEON
415 MOHAWK BLDG.
PORTLAND, OREGON

November 19, 1936

Dr. Charles E. Sears, Chairman
Board of Censors,
Multnomah County Medical Society,
Portland, Oregon.

Dear Sir:

I have your favor of November 10th, 1936 in which you sent me certain so-called charges against me, signed by Drs. R. B. Adams, Karl H. Martzloff and Federick A. Kiehle.

In your letter of transmittal you state that the Board of Censors will consider these charges on November 20th, 1936, at 8:30 P.M.

The charges which were sent to you by Dr. Adams and the other two doctors under date of November 10th, a copy of which you sent me, state that they are based on evidence which these gentlemen have before them. I do not think the gentlemen have before them any evidence upon which the charges are based. I do not know of any such evidence. The charges are untrue and therefore there can be no evidence to sustain them, and the slightest inquiry on the part of the gentlemen who signed the charges would have shown that they were untrue.

However, it is a matter of common information, that these various steps are being taken merely to make a show of compiling with certain forms and that it has already been agreed what action your board will take against me.

This communication may be considered my answer to these charges. If and when any one seeks to produce evidence to support the charges, I will be prepared to meet such evidence. The charges will be taken up in the order in which they appear in the letter of November 10th:

1. I at no time have had any part in the management or conduct of the business of the National Hospital Association. I have never been an officer, stockholder or director. I render professional services, medical and surgical, to sick and injured persons, under the protection of medical insurance contracts between National Hospital Association and employers for the benefit of their employees, which as I understand it are authorized and recognized by the laws of this State. I am paid for these services, rendered from time to time, by National Hospital Association and the entire compensation received by me belongs to me.

8481 2. I deny that I am engaged in the contract practice of medicine in such manner as to violate Chapter III, Article VI, Section 2 of the Principles of the Medical Ethics of the American Medical profession, or at all. It is not true, as I understand it, that the National Hospital Association is engaged in contract practice of medicine. As I understand it, it makes contracts with employers, as authorized by the laws of the State of Oregon, under which it bears the expense of medical and surgical care and hospitalization of persons under the protection of such contracts just as do the Multnomah Industrial Health

Association, Physicians and Surgeons Hospital Association of Salem, Southern Oregon Medical Association and various other private corporations operating in this State.

2. (a) I deny that I employ solicitation, directly or indirectly, or that I have ever done so.

2. (b) I deny that the manner of conducting my practice, or its tendency of effect, is such as to prevent the free choice of physicians.

2. (c) I repeat that I am not engaged in contract practice and that whatever I receive for treating patients under the protection of medical insurance contracts issued by National Hospital Association belongs to me.

Just why the Committee should prefer these unfounded charges against me in view of the known facts is rather difficult to understand, if one makes any assumption of good faith. You and the members of the Committee, as well as most of the other members of the profession know what contract practice is. You know that there are a great many employers who now have arrangements with one or more doctors to treat employees for sickness and injury, the work being confined to the doctors designated and the compensation paid out of deductions from the wages of employees. As typical of such practice, I am informed that at the present time in one large business concern in Portland, the arrangement is that a prominent physician treats all the employees for injuries while an hospital association, whose stockholders are all doctors, has the contract covering the same employees for sickness. You, of course, are familiar with the several private corporations organized by doctors in the past few years for the purpose of transacting an hospital association business of the same general character as has been transacted for years under authority of law by various other corporations, which are still doing business. You are no doubt familiar with the practice of certain fraternal orders of employing or appointing a particular doctor and paying for his services out of dues. You no doubt also are familiar with the practice of many years standing, of railroad companies, and other large corporations which set up machinery for the treatment of their employees, maintain hospitals and the like and hire doctors to do this
8482 work. The insurance companies, as you know, also employ doctors to render medical and surgical attention to those under the protection of insurance contracts.

It is my understanding that the Multnomah Industrial Health Association was organized with the official approval of the Multnomah County Medical Society. It is a private corporation organized for profit to transact an hospital association business and has precisely the same powers to engage in the same kind of business as the other hospital associations. I suppose that the Physicians and Surgeons Hospital Association of Salem and Southern Oregon Medical Association were organized with the approval of their respective county societies. The Corvallis General Hospital Association has also been doing a considerable volume of hospital association business, as has the Hillside Hospital Company at Klamath Falls. In these corporations, I understand, doctors are the controlling stockholders but I am unable to see what difference it makes who owns the stock if the business is being carried on by a corporation. Of course it is being talked around that the purpose of making charges against doctors who treat patients for certain of the hospital associations is to force these companies out of business so that the private corporations engaged in the hospital association business in which doctors own the stock will be able to secure a monopoly of the business.

As pointed out, the Multnomah Industrial Health Association was organized with the approval of the County Society. The plan, I believe, was to confine stock ownership to doctors. It was organized primarily for the purpose of making contracts with employers to bear the expense of medical and surgical services and hospitalization to the sick and injured, the pay to be received out of a fund made up of contributions from the wages of employees. It entered the hospital association field in competition with a number of other corporations then doing that class of business. It urged, no doubt with the full knowledge and approval of the County Society, the value and necessity of this type of service and in circulars issued by it to employers, employees and the public generally, it was, among other thing, stated:

> "The laws of Oregon recognize the value of medical and hospital insurance and authorize employers to contract for this service for the benefit of employees. Today medical and hospital coverage is considered by many as equal in importance to industrial accident and employers' liability insurance. Ask your friends who have used it.****

"It protects you against the financial burden often caused by a prolonged illness or a surgical operation.

"It provides complete service (medical, surgical, hospital, etc.) whenever you suffer any illness or any injury.

"The cost to you is small . . . while the protection and service you receive are invaluable".

8483 3. I deny that I have violated Chapter III, Article I, Section 4 of the said Principles of Medical Ethics, and

3. (a) I have at no time issued circulars or solicited patients by advertisements or personal communications or in any other manner, and

3. (b) I deny that I procure, or ever have procured patients by indirection through solicitors or agents.

4. I deny that I have violated Chapter III, Article VI, Section 4 of said Principles of Medical Ethics. I do not now dispose of, and never have disposed of my professional attainments or services in such a manner as to permit a direct profit from the fees, salary or compensation received by me to accrue to the National Hospital Association or to its stockholders.

In view of these facts, it is difficult for me to understand why I have been picked out as the object of unfounded charges, obviously untrue. The Committee that framed the charges knew I was not associated with the National Hospital Association, except in the manner above stated; that I was not engaged in the contract practice of medicine; that I did not employ solicitation, directly or indirectly; that nothing in the manner of conducting my practice prevented free choice of physicians; that I issued no circulars and solicited no patients by advertisements or personal communications; that I procured no patients by indirection through solicitors or agents; and that no one other than myself profited from the compensation I received.

Yours very truly,

(Signed) J. D. LEONARD
J. D. Leonard, M.D.

JDL:LH

8484 November 10, 1936

Dr. T. Tharaldsen
Mohawk Building
Portland, Oregon

Dear Dr. Tharaldsen:

The Board of Censors has had referred to it certain charges against you received by the Secretary on November 10, 1936.

This letter is to notify you that the Board of Censors will consider these charges at a meeting to be held in the auditorium of the Medical-Dental Building on the 20th day of November, 1936 at 8:30 o'clock P.M.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by .....
Chairman, Board of Censors

8485 MULTNOMAH COUNTY MEDICAL SOCIETY

PORTLAND, OREGON

GRIEVANCE COMMITTEE

November 10, 1936

Dr. John C. Adams, Secretary
Multnomah County Medical Society
Medical-Dental Building
Portland, Oregon

Dear Dr. Adams:

We have carefully examined certain evidence presented to us regarding the contract practice of the National Hospital Association and that of Dr. T. Tharaldsen in connection with that association.

It appears from this evidence that the contract practice engaged in by Dr. Tharaldsen in connection with the National Hospital Association is in violation of the Principles of Medical Ethics of the American Medical Association.

It therefore becomes our duty as the duly appointed Grievance Committee of our society to prefer the following charges against Dr. Tharaldsen:

1. That he is associated with the National Hospital Association of Portland, Oregon.

2. That the National Hospital Association and Dr. T. Tharaldsen are engaged in the contract practice of medicine in such manner as to violate Chapter III, Article VI, Section 2, of the Principles of Medical Ethics of the American Medical Association, in that

   (a) They employ solicitation, directly or indirectly;

   (b) The manner of conducting their practice, and its tendency and effect, is such as to prevent free choice of physician;

   (c) The contract practice engaged in, and its practical results, are contrary to sound public policy.

3. That the National Hospital Association and Dr. T. Tharaldsen have violated Chapter III, Article I, Section 4 of the said Principles of Medical Ethics, in that —

   (a) They issue circulars and solicit patients by advertisments and personal communications;

   (b) They procure patients by indirection through solicitors or agents.

8486 4. That Dr. T. Tharaldsen has violated Chapter III, Article VI, Section 4 of the said Principles of Medical Ethics in that he disposes of his professional attainments or services in such manner as to permit a direct profit from the fees, salary or compensation received to accrue to the National Hospital Association and its stockholders, one of whom is a layman.

Very truly yours,

GRIEVANCE COMMITTEE

(Signed) R. B. ADAMS

(Signed) FRED A. KIEHLE

(Signed) KARL H MARTZLOFF.

8487

Portland, Oregon.
November 20th, 1936.

Dr. Charles E. Sears, Chairman,
Board of Censors,
Multnomah County Medical Society,
Portland, Oregon.

Dear Dr. Sears:-

I hand you herewith answer to the charges filed against me by the Grievance Committee of the Multnomah County Medical Society, hearing upon which was fixed before your Board at 8:30 this evening. It will not be possible for me to appear before your Board this evening and I wish you to understand that no discourtesy is intended because of my failure to appear. The reasons are these:

As you know, Dr. Schiller, celebrated Gynecological Surgeon from Vienna is here to deliver a series of three lectures. I wish to attend upon all three of these lectures. The first one begins this evening at the Medical School at 8 o'clock and is preceded by a dinner given by the Academy of Medicine at the University Club in honor of Dr. Schiller. I desire also to attend the dinner.

I assume that, when the date was fixed for the hearing before your Board, you overlooked the fact that the first lecture given by Dr. Schiller was to be this evening and, indeed, it may be that you and the other members of the Board may desire to attend the lecture.

However, the enclosed communication fully answers all the charges made and I will hold myself available to meet any evidence which may be brought forward at any time in support of the charges.

Very sincerely yours,

(Signed) T. THARALDSEN

Enc.

8488

Portland, Oregon.
November 20th, 1936.

Dr. Charles E. Sears, Chairman,
Board of Censors,
Multnomah County Medical Society,
Portland, Oregon.

Dear Dr. Sears:

I have your letter in which you transmit to me certain charges, signed by Drs. R. B. Adams, Karl H. Martzloff and Frederick A. Kiehle, and stating that the Board of Censors of the Multnomah County Medical Society will consider these charges on November 20, 1936, at 8:30 P. M.

It is stated in the charges that they are based on evidence which was before the gentlemen who signed them. No such evidence was called to my attention and none exists. I deny most emphatically that there is any merit in the charges, declare that they are untrue, and that there is no evidence to support them.

After looking over the charges, I am forced to the conclusion that the Committee has befogged and beclouded the real question by a mass of verbiage. I assume what the Committee wanted to say is that in the course of my practice I render professional services, both medical and surgical, to some sick and injured persons who are under the protection of medical insurance contracts entered into with employers by a corporation organized under and authorized to make such contracts by the laws of Oregon, and receive from such corporation compensation for the services performed. I further assume that the Committee wanted to say that this is unethical. I deny that this is unethical and sincerely feel that this attitude of the Society, if in fact it represents the views of the members of the Society, will do great harm to the Society and to the medical profession as a whole. It will inevitably, and soon, bring about a situation where the State will occupy the field now largely filled by certain organizations and systems which give the protection of medical insurance contracts to a great number of wage earners, who, because of their low earning power, cannot, except under such systems, provide themselves with necessary and adequate medical and surgical care and hospitalization in the event of serious injury or sickness.

8489 Later in this communication I will take up and deal specifically with the charges. Before doing so,

I wish to state my views. At the outset, I deeply resent the suggestion that I am engaged in any practice which is to the slightest degree unethical. I am now carrying on the practice of medicine in the same manner as I have for the past thirty-four years, and hope to continue to practice my profession honorably and diligently with the interests of my patients always paramount.

I have been a member of the Multnomah County Medical Society, the State Society and the American Medical Association for many years, and have given much time and thought to the promotion of the interests of these organizations and of the medical profession. I served as President of the County Society last year; have served as a member of the County and State Councils and on many committees, including the State Industrial Accident Relations Committee, of which I was chairman and in which work I had a close-up view of the problem of providing adequate medical and surgical care and hospitalization for wage earners. I speak of these things merely for the purpose of showing that the problems of the profession are not new to me and I feel justified, therefore, in putting my views before you as to the real question involved.

I have been for many years, and now am, in favor of some type of employees' medical insurance protection, for these reasons:

First: Because it is the only available system by which the moderate or low wage earner is able to insure himself against the unpredictable cost of sickness and accident;

Second: By this system, the wage earner is entitled to protection without appealing to charity, thus maintaining his self respect;

Third: Diagnostic facilities, hospitalization, special nursing, special treatments, medical and surgical (the cost of which would be prohibitive to the wage earner), are provided for under this system;

Fourth: Hospitals and nurses are assured of compensation for all patients under this coverage;

Fifth: Services of specialists and consultants are at the command of the attending physician;

8490 *Sixth*: Doctors obtain compensation for all cases cared for under this system, where they otherwise

are often called upon to perform services without assurance of any remuneration;

Seventh: The same quality of services can be rendered to the poor as to the rich, and there is no economic discrimination;

Eighth: Our overcrowded public institutions are relieved of a greater burden;

Ninth: The employees' medical insurance system, to my mind, is our only present defense against the growing demand for social medicine; and

Lastly: It promotes and encourages preventative medicine in all its phases.

Methods and systems for prepayment of medical and surgical services and hospitalization for employees have been developing in this country, in one form or another, for many years. Some of the large railroad companies, as much as a generation or two ago, set up organizations to furnish these services to employees. Deductions were made from the wages of employees and with these funds physicians and surgeons were employed and hospitals erected and operated, or hospital facilities otherwise secured when needed

It is a matter of common knowledge that in this section of the country, as well as in others, the large oil companies, the railroad companies, and other large corporations have set up organizations for providing medical and surgical services and hospitalization for their employees, and that much of the medical and surgical service is rendered by doctors regularly retained for the purpose. A somewhat similar system is maintained by a local traction company and a local power company to meet the needs of their employees. You of course are familiar with the system employed by certain fraternal orders under which a particular doctor is employed and his compensation paid out of funds derived from entrance and membership dues. You are also familiar with the system employed by sundry insurance companies under which particular doctors are employed, who render the service to the persons under the protection of the insurance policies.

A number of employers have contracts with individual doctors to care for their sick and injured employees, the compensation of the doctor to be paid out of a fund made up of deductions from the wages of the employees. Many of such contracts exist today in the

8491

city of Portland. I have in mind a large employer in this city who has an arrangement with a prominent member of the Society to look after the employees who are injured, and the injured employees are limited to his services. The same employer has a contract with a corporation doing a hospital association business whose stockholders are all doctors, to take care of the employees who get sick, the compensation to be paid out of a fund made up of deductions from employees' wages.

For the last thirty years, probably longer, employers of this state have, to a constantly increasing extent, made provision for giving their employees medical and surgical services and hospitalization. To some extent they have entered into contracts with doctors for this purpose. However, for many years this field has been largely filled by corporations commonly referred to as hospital associations. The first time this system of providing these services was recognized by the Legislature was in 1915. In 1917 the Legislature made definite provision for persons, firms and corporations doing a hospital association business, authorized deductions to be made from the wages of employees for medical and surgical care and hospitalization, made provision for a minimum capital stock, the giving of a performance bond, gave a degree of supervisory authority over the character of the contracts to the Industrial Accident Commission, and placed concerns carrying on such business under the supervision of the Insurance Commissioner. Later, in 1929, provision was made for keeping the moneys deducted from wages in a trust fund and giving the same preference as to their collection by the hospital association as that given to the State Industrial Accident Commission. Later, in 1935, further protection was given to these concerns and to the funds deducted from the wages of employees to pay for these services, by requiring that any bond given to guarantee the performance of any public contract should contain a condition requiring payment over of these funds in the event of default of the contractor on public work.

It seems to me that all this legislation indicates a legislative policy to authorize and encourage this means of providing medical and surgical care and hospitalization.

This fact, and the value and the necessity of this type of service, was recognized by the Multnomah County Medical Society some years ago. You, in common with other members of the profession, will recall the organization of

the Physicians and Surgeons Hospital Association
8492 in Marion County in 1930. This was a private corporation organized for profit, to transact a hospital association business. I understand that ever since its organization it has been entering into contracts with employers of the same general character as those theretofore entered into by other hospital associations. True, most, if not all, of the stockholders are doctors. Nevertheless it is a private corporation transacting a hospital association business of the same character as other corporations engaged in the hospital association business. This, you will recall, was followed by the organization of the Multnomah Industrial Health Association, with the official approval of the Multnomah County Medical Society. This corporation was organized to transact an hospital association business, under the same laws as other hospital association concerns had been operating for years. Among the corporate powers enumerated in the Articles of Incorporation of the Multnomah Industrial Health Association are:

> "To contract and agree with individuals, families, employees, associations, societies, or with employers for the benefit of employees, for the furnishing of medicine, medical and/or surgical treatment, nursing, hospital services, ambulance service, dental service, burial service, or other services necessary, contingent upon sickness, accident or death, and to do and perform each and every thing necessary in or incidental to the exercise of any power.
>
> • • • • •
>
> "To furnish medical and surgical treatment of every kind and to contract to do so.
>
> • • • • •
>
> "To contract to give funeral benefits and/or cost thereof.
>
> • • • • •
>
> "To do and perform and to cause to be done and performed each and every act and thing, proper or convenient to be done and/or performed in order to carry on, conduct and operate an hospital association as provided in Chapter 9, Title 46, Oregon Code 1930."

This corporation has been operating since shortly after it was organized. It issues two types of contracts, the standard coverage contract and the full coverage contract.

which are similar to those issued by other corporations doing a hospital association business. It obtains its compensation for carrying out these contracts from de-
8493 ductions made from the wages of employees. This corporation has from time to time issued literature fully explaining the type of service given by hospital associations, as well as the benefits thereof. In this literature the necessity for this type of service has been very well and clearly stated. From one of the circulars issued by this corporation I quote the following:

> "The laws of Oregon recognize the value of medical and hospital insurance and authorize employers to contract for this service for the benefiit of employes. Today medical and hospital coverage is considered by many as equal in importance to industrial accident and employers' liability insurance. Ask your friends who have used it.
>
> "Now, for the first time in Portland and Multnomah County, the doctors are offering their own medical and hospital insurance. And you can obtain this complete coverage at the lowest rates ever offered in the United States for a service of such high standards.
>
> "Cost of Full Coverage Service is $2.00 per month per person. If employes are also protected under the Workmen's Compensation Law, the $2.00 per month fee also includes the one cent per work day paid to the state.
>
> "It protects you against the financial burden often caused by a prolonger illness or a surgical operation.
>
> "It provides complete service (medical, surgical, hospital, etc.) whenever you suffer any illness or any injury.
>
> "The cost to you is small * * * while the protection and service you receive are invaluable.
>
> "You get full protection twenty-four hours a day * * * at work, at home, or wherever you may happen to be."

This corporation also deemed it in the public interest to enlarge the system so as to include employees of stores and offices, a field that had not theretofore been invaded to any considerable extent by hospital associations. In one of the circulars issued by the Multnomah Industrial Health Association this language was used:

> "The Full Coverage plan makes this Association's services equally valuable to employees of stores and

offices as well as industrial plants, shops and logging
8494 camps. For this coverage applies to chronic diseases and ailments of current origin, as well as to acute illness and accidental injuries.

"There is no delay or confusion in obtaining medical or other services. Full equipment and instructions are furnished to every concern covered. The service is easy to use.

"Ask to see the association's list of member doctors and Full Coverage Contract for complete details."

The Physicians and Surgeons Association of Marion County, referred to above, has precisely the same corporate powers as the Multnomah Association, as has also Southern Oregon Medical Association, and they use substantially the same type of contracts.

The Eugene Hospital Company (formerly Eugene Hospital and Clinic), a private corporation, also carries on a hospital association business and issues similar contracts, as do the Corvallis General Hospital Association and Hillside Hospital Company of Klamath Falls. True, the capital stock in these corporations is mostly, if not entirely, owned by doctors. However, they still remain private corporations for profit, doing a hospital association business, and the character of these associations, it seems to me, is not at all changed or affected by the fact that the stock is owned by doctors.

Reports to the Insurance Commissioner of the State of Oregon for the year 1935, made by the corporations that I have named and by other corporations doing a hospital association business, indicate that probably 75,000 wage earners or more in Oregon were under the protection of such types of medical insurance contracts. This does not take into account employees cared for under contracts with individual doctors or employees cared for under somewhat similar systems set up by railroad companies and other large corporations, or employees who receive this protection by virtue of insurance policies issued to employers for the benefit of employees.

If these various methods of giving protection to wage earners are to be broken down and outlawed by the medical profession, by the indirect method of penalizing, libeling and seeking to impair the professional standing of
doctors who look after employees so protected, it
8495 seems to me very obvious that some substitute will be found. I do not think that either employees or

employers who have been accustomed to the protection and benefits afforded by this system are going to let it be broken down or destroyed unless there is something to take its place equally satisfactory. If railroad companies and other large corporations must put aside their present methods because doctors cannot perform the services required without attacks upon their professional connections and reputation, and if employers cannot secure contracts from hospital associations for these services, it seems entirely clear to me that they will insist upon the state entering this field and providing this service, and pay for the same out of funds derived from periodical contributions by employees or employer, or both, or out of public funds raised at the expense of the general taxpayer. If this should come about I think it would be of lasting injury to the medical profession as a whole.

I will now take up the charges which have been filed and answer them in the order in which they are stated.

1. I am not and never have been a stockholder, director or officer of National Hospital Association, and have nothing whatever to do with the management of its affairs. In the practice of my profession from time to time I render professional services, both medical and surgical, to the injured and sick under the protection of medical insurance contracts made by the National Hospital Association with employers for the benefit of their employees. For these services the National Hospital Association pays me, as it is required to do by its contracts with the employers. The compensation I receive is wholly mine and the treatment given by me, whether medical or surgical, is entirely under my control.

2. I am not engaged in the contract practice of medicine in violation of Chapter III, Article VI, Section 2 of the Principles of Medical Ethics of the American Medical Association, or at all.

2(a) I do not employ solicitation, directly or indirectly, and never have.

2(b) I absolutely deny that the manner of conducting my practice, or its tendency or effect, is such as to prevent free choice of physicians.

2(c) I am not engaged in the contract practice of medicine. Whether or not the contract practice of medicine is contrary to sound policy is, therefore, of

no concern in this case. Upon that question there is
8496 apparently a wide difference of opinion. The contract practice of medicine has been sanctioned in this state by usage for a great many years, and is now widely employed.

3. I deny that I have ever at any time violated Chapter III, Article I, Section 4, of said Principles of Medical Ethics.

3(a) I deny that I issue circulars or solicit patients by advertisements or personal communications, or ever have.

3(b) I deny that I procure patients by indirection through solicitation of agents or in any other manner.

4. I deny that I have violated Chapter III, Article IV, Section 4 of said Principles of Medical Ethics in any way whatsoever, and deny that I do now dispose of, or ever have disposed of my professional attainments or services in such manner as to permit a profit to anyone other than myself from fees, salary or compensation received by me; and I deny that any part of the compensation received by me accrues to the benefit of the National Hospital Association or its stockholders or anyone other than myself.

Yours very truly,

(Signed) T. THARALDSEN

Plaintiff's Exhibit 1890

8497 MULTNOMAH COUNTY MEDICAL SOCIETY

PORTLAND, OREGON
OFFICE OF THE PRESIDENT

August 2, 1937

Dr. Leland V. Belknap
Medical-Dental Building
Portland, Oregon

Dear Dr. Belknap:

At the meeting of the Council of the Multnomah County Medical Society held on July 30, 1937, the Council voted to expel you from the Society, because of your violations

of the Principles of Medical Ethics in connection with contract practice.

The Secretary of the Oregon State Medical Society will be duly apprised of the action of the Council.

The By-Laws of the Oregon State Medical Society provide:

> Chapter XII, Section 4. Any physician who may feel aggrieved by the action of his county or district society in suspending or expelling him, shall have the right to appeal to the Council, whose decision shall be final. A county or district society shall at all times be permitted to appeal or refer questions involving membership to the Council of the state society for final determination.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by (Signed) ROBERT L. BENSON
President

8498 MULTNOMAH COUNTY MEDICAL SOCIETY

PORTLAND, OREGON
OFFICE OF THE SECRETARY

July 14, 1937

Dr. Leland V. Belknap
Medical-Dental Building
Portland, Oregon

Dear Dr. Belknap:

The Board of Censors has had referred to it certain charges of unethical conduct against you received by the Secretary on April 15, 1937, a copy of which was sent to you on that date.

This letter is to notify you that the Board of Censors will consider these charges at a meeting to be held in the auditorium of the Medical-Dental Building on the 21st day of July, 1937 at 7:30 o'clock P.M.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by (Signed) CHARLES E. SEARS, M. D
Chairman, Board of Censors

8499 MULTNOMAH COUNTY MEDICAL SOCIETY

PORTLAND, OREGON
OFFICE OF THE PRESIDENT

July 23, 1937

Dr. Leland V. Belknap
Medical-Dental Building
Portland, Oregon

Dear Dr. Belknap:

The Council of the Multnomah County Medical Society has received a communication from the Board of Censors concerning a meeting of the Board held on July 21, 1937, at which it considered certain charges of unethical contract practice against you.

The resolution adopted by the Board as its recommendation to the Council in regard to these charges has also been received by the Council for its consideration, together with a transcript of the evidence presented to the Board at its meeting of July 21, 1937.

Under the By-laws of the Society, it becomes the duty of the Council to give this matter formal consideration without unnecessary delay.

This letter is to give you notice that a meeting of the Council will be held in the auditorium of the Medical-Dental Building on Friday, July 30, 1937, at 7:30 o'clock P.M., to give formal consideration to the charges filed against you by the Grievance Committee on April 14, 1937, and to the recommendation of the Board of Censors adopted at its meeting of July 21, 1937.

At that time you will be given a full opportunity to be heard.

Very truly yours,

THE COUNCIL OF THE
MULTNOMAH COUNTY MEDICAL SOCIETY

by (Signed) ROBERT L. BENSON
President

by (Signed) HOWARD P. LEWIS
Secretary

8500 MULTNOMAH COUNTY MEDICAL SOCIETY

PORTLAND, OREGON
OFFICE OF THE SECRETARY

April 15, 1937

Dr. Leland V. Belknap
Medical-Dental Building
Portland, Oregon

Dear Dr. Belknap:

In accordance with the provisions of Section 6 of Chapter I of the by-laws of the society, we are enclosing a copy of certain charges of unethical conduct which have been filed against you. These charges are being referred to the Board of Censors.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by (Signed) HOWARD P. LEWIS
Secretary

8501 MULTNOMAH COUNTY MEDICAL SOCIETY

PORTLAND, OREGON

GRIEVANCE COMMITTEE

April 14, 1937

Dr. Howard P. Lewis, Secretary
Multnomah County Medical Society
Medical-Dental Building
Portland, Oregon

Dear Dr. Lewis:

The Grievance Committee has carefully examined the evidence in its possession regarding the contract practice of the National Hospital Association and that of Dr. Leland V. Belknap in connection with that association.

It appears from this evidence that:

1. Dr. Leland V. Belknap is associated in his practice with the National Hospital Association and renders medical services to persons contracting with that association for medical care.

2. The National Hospital Association and Dr. Leland V. Belknap, in connection with his practice with the said association, are engaged in the contract practice of medicine, in such manner as to violate Chapter III, Article VI, Section 2, of the Principles of Medical Ethics of the American Medical Association, in that—

   (a) They employ solicitation, directly or indirectly;

   (b) The manner of conducting their practice, and its tendency and effect, is such as to prevent free choice of physician;

   (c) The contract practice engaged in, and its practical results, are contrary to sound public policy.

3. That Dr. Leland V. Belknap has violated Chapter III, Article I, Section 4 of the said Principles of Medical Ethics, in that—

   Dr. Leland V. Belknap obtains patients indirectly through the results of advertisements, personal communications, agents, or solicitors.

4. That Dr. Leland V. Belknap has violated Chapter III, Article VI, Section 4 of the said Principles of Medical Ethics in that he disposes of his professional attainments or services in such a manner as to permit a direct profit from the fees, salary or compensation received to accrue to the National Hospital Association and its stockholders, one of whom is a layman.

8502 It therefore becomes the duty of the duly appointed Grievance Committee to prefer the formal charges against Dr. Leland V. Belknap that he has violated the said Principles of Medical Ethics.

Very truly yours,

RICHARD B. ADAMS (Signed)

STANLEY LAMB (Signed)

FRED A. KIEHLE (Signed)

8503 MULTNOMAH COUNTY MEDICAL SOCIETY

PORTLAND, OREGON

OFFICE OF THE SECRETARY

April 7, 1937

Dr. Leland V. Belknap
Medical-Dental Building
Portland, Oregon

Dear Dr. Belknap:

The Board of Censors met Monday evening, April 5th, to make a preliminary examination into the merits of the information that the contract practice engaged in by you in connection with the National Hospital Association is carried on in such a manner as to violate the Principles of Medical Ethics. This information is in the hands of the Grievance Committee, not the Board of Censors. The meeting was called for the purpose of allowing this committee to present its information, and give you an opportunity to be heard.

As you were not present the Board of Censors did not consider your case.

The Board will meet on April 13, 1937, in the auditorium of the Medical-Dental Building, at 7:30 P.M. This letter is to give you notice of the meeting, and an opportunity to be apprised of the nature of the complaints and to be heard in connection therewith. We hope that you will be present. The Board of Censors cannot continue to hold "preliminary examinations" indefinitely. Your absence at this second scheduled meeting will impel the Board to consider that you do not care to be heard, and that you will have no desire to conciliate.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by (Signed) CHARLES E. SEARS
Chairman, Board of Censors

MULTNOMAH COUNTY MEDICAL SOCIETY
PORTLAND, OREGON
OFFICE OF THE SECRETARY

March 31, 1937

Dr. Leland V. Belknap
Medical-Dental Building
Portland, Oregon

Dear Dr. Belknap:

The Multnomah County Medical Society has received information which appears to indicate that the contract practice engaged in by you in connection with the National Hospital Association is carried on in such a manner as to violate the Principles of Medical Ethics of the American Medical Association.

The Board of Censors will make a preliminary investigation of this matter at a meeting to be held in the auditorium of the Medical-Dental Building on the 5th day of April, 1937, at 7:30 o'clock P.M.

This letter is to give you notice of this meeting and an opportunity to be heard.

No formal charges have been filed against you. This meeting will be informal and conducted in accordance with the provisions of Chapter I, Section 5 of the by-laws which read as follows:

> Conciliation. Kindly efforts in the interest of peace, conciliation or reformation, so far as possible or expedient, shall precede the filing of formal charges affecting the character or standing of a member, and it shall be the duty of the Board of Censors to promote this end by making a preliminary examination into the merits of the case, and the accused shall be given opportunity to be heard in his own defense, in all trials and proceedings of this nature.

You realize that the members of the Board of Censors are devoting their time to the duties imposed upon them by the by-laws of the society. In order that their actions may be facilitated it is requested that if you cannot appear at the stated time that you communicate with the chairman of

the Board at least twenty-four hours before the time of the meeting as scheduled above.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by (Signed) CHARLES E SEARS
Chairman, Board of Censors

Plaintiff's Exhibit 1891

8504 OREGON PHYSICIANS' SERVICE
(Emblem)

OFFICES:

455 Ferry St.	225 Medford Bldg.	1214 S. W. 6th Ave.
Salem, Oregon	Medford, Ore.	Portland 4, Ore.
Phone 3-9187	Phone 4044	Phone ATwater 8691

July 19, 1949

Mrs. Shirley E. Mills
6411 N. Albina, Apt. #9
Portland, Oregon

IN REPLY PLEASE REFER TO:
GROUP Individual Coverage FAMILY MEMBER
MEMB. NO. 586720

DEAR SUBSCRIBER:

WE HAVE BEEN NOTIFIED THAT YOU REQUIRED

☒ MEDICAL CARE BEGINNING.....

☒ HOSPITAL CARE BEGINNING June 1, 1949

AFTER REVIEWING YOUR STATUS AS A MEMBER OF OREGON PHYSICIANS' SERVICE MEDICAL AND HOSPITAL SERVICE PLAN, WE HAVE DETERMINED OUR LIABILITY AS FOLLOWS:

The benefits of the "Surgical, Limited Medical and Hospital" Plan are provided only when the member is under the care of a listed cooperating Oregon Physicians' Service physician, surgeon or consulting specialist.

Since Dr. L. Belknap is not a cooperating Oregon Physicians' Service doctor we cannot assume responsibility for his services nor for any hospital or other expenses incurred while under his care.

MoE:gc

PLEASE CALL AT OUR OFFICE IF FURTHER DISCUSSION OF YOUR CASE IS DESIRED.

COPIES SENT TO:
St. Vincent's Hospital

.....
.....
.....

Subscriber's Copy

OREGON PHYSICIANS' SERVICE
CLAIMS DEPARTMENT

BY: (Signed) M. ERDMAN

Plaintiff's Exhibit 1892

8505

August 27, 1948

J. Scott Gardner, M. D.
2455 N. W. Marshall St.
Portland 10, Oregon

Re: Kenneth Plunkett
Roseburg Lumber Co.

Dear Mr. Gardner:

We are in receipt of your bill of $200.00 for services rendered to Kenneth Plunkett, which the writer requested a short while ago. In the meantime, Mr. Plunkett mailed to us the statement he received from you, and in which we notice you charge Mr. Plunkett $175.00.

We are wondering if it was your intention to charge this association $25.00 more than you charged Mr. Plunkett, and prefer to believe that it was an error on the part of your office. However, since the Association is paying the account on behalf of Mr. Plunkett, we are accepting the charge you sent to him, and for which check is enclosed.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

C. C. Bechtold
General Manager

CCB:rc
Encl.

8508 July 22, 1948

Mr. Kenneth V. Plunkett
P.O. Box 382
Roseburg, Oregon

Dear Mr. Plunkett:

When are you expecting to be in Portland to see your doctor? I understood you to say that you would call on me at that time and, as I am expecting to be away from Portland, I would be pleased if you would let me know about when you plan on being here.

As you know, since the condition for which you were operated had its onset before coming under the Association's coverage, it would not be included in the contract but we, nevertheless, want to do what we can for you.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

C. C. Bechtold
General Manager

CCB:pk
cc: Roseburg Lumber Co.
" Mr. Del Cornutt

Plaintiff's Exhibit 1893

8509 COPY

Sept. 6, 1949

A. Gurney Kimberley, M. D.
2455 N. W. Marshall
Portland, Oregon

Dear Doctor:

We have this date learned that Glen D. McKay—Culp Creek, Oregon is desirous to have surgery performed by you.

Mr. McKay has been advised to the need of a laminectomy by Doctor F. J. Wooliever and under the terms of our

medical coverage plan with his employer, he is entitled to hospitalization and surgery when it is done here.

It is at the insistence of his brother that the surgery be performed in Portland, which is permissible when he accepts the charges on a private basis.

Very truly yours,

EUGENE HOSPITAL AND CLINIC

J. E. Jackson,
Asst. Office Manager

JEJ:rc

CC:
Glen B. McKay
Culp Creek, Oregon
W. A. Woodard Lumber Co.
Cottage Grove, Oregon

Plaintiff's Exhibit 1894

8510 MULTNOMAH COUNTY MEDICAL SOCIETY

PORTLAND, OREGON
OFFICE OF THE SECRETARY

February 5, 1948

Dr. Jerome L. Holzman
Medical Arts Building
Portland 5, Oregon

Dear Dr. Holzman:

Information has been received by the Grievance Committee which appears to indicate that you are engaged in contract practice for Portland Aerie No. 4 of the Fraternal Order of Eagles under circumstances that may be in contravention of the Principles of Medical Ethics of the American Medical Association. It is the duty of the Grievance Committee to investigate this report and determine the facts.

The Committee will meet on Friday, February 13th, at 8:00 P.M., in the auditorium of the Medical-Dental Building, 833 S. W. 11th Avenue. We shall appreciate it if you

will attend this meeting and present to the Committee information concerning the practice to which we refer.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY
Grievance Committee

(Signed) JOHN C. ADAMS, M. D.
John C. Adams, Chairman
Wilmot C. Foster
E. E. Gambee

JCA da

Plaintiff's Exhibit 1895

8511

CONSTITUTION

for

SUBORDINATE AERIES

19 (Emblem) 49

FRATERNAL ORDER

of

EAGLES

As amended and adopted by the Fifty-first Grand Aerie Convention, held in Detroit, Michigan, August 11-14, 1949

8512 • • • • •

Section 18. Dispensing With Aerie Physician. Whenever it shall appear to the satisfaction of the Chief Auditor that, by reason of the rules of any medical society, or that for any other reason it is impossible to secure the services of an Aerie Physician, as an officer of the Aerie; or whenever it shall appear that the best services and skill of an Aerie Physician are not being obtained by the election of an Aerie Physician as an officer of the Aerie; or whenever it shall appear that it is for the best interests of the Aerie to dispense with the election or employment of an Aerie Physician, the Chief Auditor, in his discretion, may authorize any such Subordinate Aerie to enter into a contract for the employment of such Aerie Physicians in lieu of their nomination and election as officers of the Aerie; or the Chief Auditor may permit the Aerie to dis-

pense with the services of an Aerie Physician either by election or employment.

Plaintiff's Exhibit 1896

8513 F.O.E. #4

OFFICERS MEETING, MONDAY, FEBRUARY 23RD, 1948.

A special meeting of the officers was held at 7:30 P.M. Monday, February 23rd, 1948.

All the officers except Brother Phil Bagley, were present. P.W.P. B. H. Goldstein, P.W.P. Chet Capon, P.W.P. Fred Dahlheim, and Brother Frank Lonergan, were also present.

Jr. P.W.P. G. W. Mason presided.

* * * * *

The next matter of business was pertaining to our Medical staff. Dr. Holzman advised the Officers that he had been called before a committee of the City and County Medical Society to discuss the Eagles medical service. The medical society advised Dr. Holzman that our medical plan was contrary to the ethics of the American Medical Asse. and our panel of five doctors was unethical, also our method of all calls going through doctor Holzman instead of giving a free choice of doctors was wrong. After a long discussion a motion was duly passed that a committee consisting of Brothers, Judge Frank Lonergan, Ray Smith, Alan Brown, B. H. Goldstein, and L. N. Granoff meet with the medical society to discuss this matter with them and to find out definitely their chief objections to our medical plan.

A vote of confidence was given by the entire meeting to our Aerie Physician, Dr. Holzman.

* * * * *

8514 * * * * *

(Signed) RAY SMITH
Secretary

Plaintiff's Exhibit 1897

8515 HALL OF PORTLAND AERIE NO. 4 F. O. E.

MINUTES OF THE REGULAR / SPECIAL MEETING HELD

Wed. Feb. 25th 1948

The meeting opened promptly at 8 P.M. with W. P. Roskoski presiding.

The roll of officers was called by the secretary.

• • • • •

Jr. P.W.P. G.W. Mason asked for a standing vote of confidence for our Aerie Physician Dr. Holzman. The Aerie responded.

• • • • •

Plaintiff's Exhibit 1902

8516 MULTNOMAH COUNTY MEDICAL SOCIETY

PORTLAND, OREGON

OFFICE OF THE SECRETARY

November 9, 1936

Dr. Charles E. Sears, Chairman
Board of Censors
Medical Arts Building
Portland, Oregon

Dear Dr. Sears:

In accordance with the provisions of Section 6 of Chapter I of the by-laws of the society, we are enclosing a copy of certain charges of unethical conduct which have been filed against Dr. H. R. Shields.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by (Signed) JOHN C. ADAMS
Secretary

Plaintiff's Exhibit 1903

8517 October 28, 1936

Dr. H. R. Shields
Times Building
Portland, Oregon

Dear Dr. Shields:

The Multnomah County Medical Society has received information which appears to indicate that the contract practice engaged in by you in connection with the C. H. Weston Company is conducted in a manner which is in violation of the Principles of Medical Ethics of the American Medical Association.

It is felt that an investigation of this matter should be made, for the good of all concerned.

At a meeting of the Board of Censors to be held in the auditorium of the Medical-Dental Building on the 2nd day of November, 1936, at 7:30 o'clock P.M., the Board will make an investigation of this matter. This letter is to give you notice of the meeting and an opportunity to be heard.

No formal charges have been preferred. The investigation at this meeting will be informal and will be conducted in accordance with Section 7 of Chapter I of the By Laws of the Society which reads as follows:

> Conciliation. Kindly efforts in the interest of peace, conciliation or reformation, so far as possible or expedient, shall precede the filing of formal charges affecting the character or standing of a member, and it shall be the duty of the Board of Censors to promote this and by making a preliminary examination into the merits of the case, and the accused shall be given opportunity to be heard in his own defense, in all trials and proceedings of this nature.

Your cooperation in the discussion of your contract practice will do a great deal to clear up any possible misconceptions concerning its nature and effect.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by .....
Chairman, Board of Censors

Plaintiff's Exhibit 1905

8519 GRIEVANCE COMMITTEE

October 28, 1936

Dr. John C. Adams, Secretary
Multnomah County Medical Society
Medical-Dental Building
Portland, Oregon

Dear Dr. Adams:

Certain complaints concerning the contract practice of the C. H. Weston Company have come to the attention of the Grievance Committee. In conformity to the instructions of the Council, the committee has caused these complaints to be investigated and we feel that the evidence is sufficient to warrant an investigation of the professional conduct of Dr. H. R. Shields and Dr. William F. Beck.

The available material indicates that Dr. Shields and Dr. Beck are associated with the C. H. Weston Company. The following notations concerning this company are submitted:

Practice of the C. H. Weston Company

1. The Company is organized for profit under the laws of the State of Oregon. C. H. Weston, W. H. Whitely, and George D. LaRoche, all of whom are laymen, are stockholders and officers of the Company. It is engaged in the business of contracting with employers and individuals for medical services upon a prepayment plan.

2. The Company employs a solicitor, Floyd H. Crosby, who is a licensed insurance agent by the State Insurance Department. This solicitor is believed to receive compensation in the form of commissions upon the business brought to the Company.

3. The Company procures patients by solicitation either directly or by indirection.

4. A relatively small number of physicians are connected with the Company, and a small monthly payment is made to the Company. It may well be that because of these features the best type of medical care is not furnished. This feature should be investigated further.

5. The contract offered by the Company is not confined to any income group.

The Committee believes that it would be for the best interest of the Society to conduct a further inquiry at the earliest possible time into the contract practice of the C. H. Weston Company and of the connection of Dr. Shields and Dr. Beck therewith.

Very truly yours

GRIEVANCE COMMITTEE

.....

.....

Plaintiff's Exhibit 1906

8520 Here are the answers to some of the questions that were asked at the meeting Wednesday night, April 4th, in regard to health and accident insurance;

Question: If you are ill and report to the doctor, does compensation begin immediately? Answer: If you are ill and go to the doctor, he immedately gives all attention necessary. He continues to treat you until you are well. Compensation begins at the end of the third day, but if you are injured, compensation begins immediately.

Question: What happens in cases of paralysis? Answer: Paralysis is considered an illness and is handled accordingly. It it is caused by accident, the compensation begins immediately; if by sickness, on the third day.

Question: Do they work under Accident or State Law, or State Industrial? Answer: They are under the jurisdiction of the State Insurance Commissioner and the State Accident Commission.

Question: There are companies who permit persons to carry on afterward. Can you do likewise? Answer: Yes, you may continue to have this insurance at the same rate.

Question: What about out-of-town accidents? Answer: If it is near Portland, it is handled the same as in Portland. If you are covered under the Fred Meyer group and have an accident in Chicago, you will be reimbursed by the rate prescribed by the Oregon State Accident Commission. A book showing these rates will be in our files.

Confinement not covered.

Metaphysical treatments are carried to the point where the State steps in and takes them away from the Association, but the compensation continues. The same applies to

tuberculosis. It is treated in the same manner as above, and the cash compensation is paid just the same.

Question: How long before the employee can be reinstated after cancellation of insurance? Answer: There is no waiting period; he may be reinstated immediately.

Question: Is there any treatment or benefit during the illness for contagious diseases? Answer: Up to the point where the State or County steps in, but the cash compensation continues.

Question: What is the adjustment made between this compensation and the State Industrial compensation? Answer: The State compensation is not for sickness. This covers twenty-four hours a day. For sickness you receive compensation straight through. If you are injured on the job the State pays a percentage of your salary, based upon your dependents. If you are injured off the job the compensation carries straight through.

Question: How soon does insurance begin? Answer: Immediately.

Question: Is this an assessment, an association, or a mutual company? Answer: None. As stated before, it is regulated by the State Insurance Commissioner and the State Industrial Accident Commission.

The more volume, the lower the price, and we are assured the price will never be higher, and any price adjustment will be downward.

Question: Will our tenants be able to get this insurance? Answer: Yes, they may come under the Fred Meyer group.

Question: If health insurance is the object, why not assess each member of the organization 50¢ a month, and maintain a Fred Meyer Clinic? I don't know the number of employees, but it must be near 500. For $250.00 a month a very good doctor could be secured who would give his entire time to caring for employees. Inasmuch as every employee's family doctor is not on the list any way, why not let one man take care of every one? Answer: For medical service and treatment alone this would be all right, but the plan has failed in many instances where it is tried on account of the added expense of x-ray, hospital, ambulance and medicines. One prolonged hospital case would break the doctor, and assessments would be necessary.

Plaintiff's Exhibit 1907

8521 November 6, 1937

Dr. H. R. Shields
Times Building
Portland, Oregon

Dear Dr. Shields:

At a meeting to be held in the auditorium of the Medical-Dental Building, 833 S. W. 11th Avenue, at 7:45 P.M., on November 15, 1937, the Board of Censors will consider the charges of unethical conduct filed against you on November 9. 1936.

You are requested to be present at this meeting.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by .....
Chairman, Board of Censors

Plaintiff's Exhibit 1908

8522 November 10, 1936

Dr. H. R. Shields
Times Building
Portland, Oregon

Dear Dr. Shields:

The Board of Censors has had referred to it certain charges against you received by the Secretary on November 9, 1936.

This letter is to notify you that the Board of Censors will consider these charges at a meeting to be held in the auditorium of the Medical-Dental Building on the 20th day of November, 1936 at 7:30 o'clock P.M.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by .....
Chairman, Board of Censors

Plaintiff's Exhibit 1910

8523 Name: H. R. Shields

Address: 2807 N.E. Glisan, Portland, Oregon

Date of Charges: November 9, 1936

Charges:

1. That he is associated with the C. H. Weston Company of Portland, Oregon.
2. That the C. H. Weston Company and Dr. H. R. Shields are engaged in the contract practice of medicine in such manner as to violate Chapter III, Article VI, Section 2, of the Principles of Medical Ethics, in that
   (a) They employ solicitation, directly or indirectly;
   (b) The manner of conducting their practice, and its tendency and effect, is such as to prevent free choice of physician;
   (c) The contract practice engaged in, and its practical results are contrary to sound public policy.
3. That the C. H. Weston Company and Dr. H. R. Shields have violated Chapter III, Article I, Section 4 of the said Principles of Medical Ethics, in that they procure patients by indirection through solicitors or agents.
4. That Dr. H. R. Shields has violated Chapter III, Article VI, Section 4 of the said Principles of Medical Ethics in that Dr. Shields disposes of his professional attainments or services in such a manner as to permit a direct profit from the fees, salary or compensation received to accrue to the C. H. Weston Company and its stockholders, all of whom are laymen.

Action: Suspended by Council

Date: November 26, 1937

Suspension lifted and reinstated April 3, 1938.

Complaint: Grievance Committee, Multnomah County Medical Society

R. B. Adams (deceased)
Frederick A. Kiehle, Medical Arts Building
Karl H. Martzoff, Medical Dental Building

8524 MULTNOMAH COUNTY MEDICAL SOCIETY
PORTLAND, OREGON
GRIEVANCE COMMITTEE

November 9, 1936

Dr. John C. Adams, Secretary
Multnomah County Medical Society
Medical-Dental Building
Portland, Oregon

Dear Dr. Adams:

We have carefully examined certain evidence presented to us regarding the contract practice of the C. H. Weston Company and that of Dr. H. R. Shields in connection with that company. We have also carefully considered the statements and testimony presented by Dr. Shields at the preliminary investigation held by the Board of Censors on November 2, 1936.

It appears from this evidence and the above-mentioned statements and testimony that there is evidence that the contract practice engaged in by Dr. Shields in connection with the C. H. Weston Company is in violation of the Principles of Medical Ethics of the American Medical Association.

It therefore becomes our duty as the duly appointed Grievance Committee of our society to prefer the following charges against Dr. Shields:

1. That he is associated with the C. H. Weston Company of Portland, Oregon.

2. That the C. H. Weston Company and Dr. H. R. Shields are engaged in the contract practice of medicine in such manner as to violate Chapter III, Article VI, Section 2, of the Principles of Medical Ethics, in that

   (a) They employ solicitation, directly or indirectly;

   (b) The manner of conducting their practice, and its tendency and effect, is such as to prevent free choice of physicians;

   (c) The contract practice engaged in, and its practical results are contrary to sound public policy.

3. That the C. H. Weston Company and Dr. H. R. Shields have violated Chapter III, Article I, Section 4 of the

said Principles of Medical Ethics, in that they procure patients by indirection through solicitors or agents.

4. That Dr. H. R. Shields has violated Chapter III, Article VI, Section 4 of the said Principles of Medical Ethics in that Dr. Shields disposes of his professional attainments or services in such a manner as to permit a direct profit from the fees, salary or compensation received to accrue to the C. H. Weston Company and its stockholders, all of whom are laymen.

Very truly yours,

GRIEVANCE COMMITTEE

R. B. ADAMS (Signed)

FREDERICK A. KIEHLE (Signed)

KARL H. MARTZLOFF (Signed)

Plaintiff's Exhibit 1911

8525 MULTNOMAH COUNTY MEDICAL SOCIETY

PORTLAND, OREGON

OFFICE OF THE SECRETARY

April 8, 1938

Dr. Morris L. Bridgeman, Secretary
Oregon State Medical Society
Medical Arts Building
Portland, Oregon

Dear Dr. Bridgeman:

The Council of our society, at its meeting on April 5, 1938, adopted the following resolution:

WHEREAS, the Council of the Multnomah County Medical Society, at a duly called meeting held on November 26, 1937, voted to suspend Dr. H. R. Shields and William F. Beck from the Society until April 1, 1938 or until the Council is satisfied that said doctors have discontinued their association with unethical practice; and

WHEREAS, said doctors have apprised the said Council of their withdrawal from unethical practice, and the Council is satisfied of that fact;

THEREFORE BE IT RESOLVED, that the suspension of Drs. H. R. Shields and William F. Beck be and the same is lifted as of April 1, 1938 and said doctors hereby are reinstated into membership in the Multnomah County Medical Society.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by (Signed) HOWARD C. STEARNS
Secretary

Plaintiff's Exhibit 1912

8526

Portland, Oregon
April 4, 1938

Mr. Clyde Foley
Executive Sec'y City and County Medical Society
Portland, Oregon

Dear Sir:

We wish to appraise you of the fact that on April 1, 1938 we severed all relations with the C. H. Weston Hospital association and have no further connection with that organization.

Very truly,

(Signed) H R SHIELDS M.D.

(Signed) WM F BECK M.D.

8527

H. R. SHIELDS, M.D.
401-417 TIMES BUILDING
417 S. W. WASHINGTON ST.
PORTLAND, OREGON
ATWATER 2383

March 21, 1938

Dr. Frank Mount
Council of the City and County
Medical Society
Medical Dental Bldg.
Portland, Oregon

Dear Sir:

According to the agreement we had with the Board of Censors, we wish to announce that on March 31st, 1938,

we are severing our connections with the C. H. Weston Co. and are discontinuing our association with unethical practice.

Very truly yours,

(Signed) H. R. SHIELDS
H. R. Shields, M. D.

(Signed) WM. F. BECK
Wm. F. Beck, M. D.

HRS:O
cc: Clyde C. Foley

Plaintiff's Exhibit 1913

8528 MULTNOMAH COUNTY MEDICAL SOCIETY
PORTLAND, OREGON
OFFICE OF THE SECRETARY

November 18, 1937

The Council
Multnomah County Medical Society
Portland, Oregon

Gentlemen:

The Board of Censors of the Multnomah County Medical Society held several meetings to consider certain charges filed against Dr. H. R. Shields and Dr. William F. Beck. The last of these meetings occurred on November 15, 1937.

Copies of the charges against the two above mentioned members of the Society are enclosed herewith.

Previously, the Board had held meetings for preliminary investigation and examination into the practice of the said doctors and had made other advances in the direction of conciliation.

At these meetings, the Board had presented to it certain testimony in regard to the charges, transcripts of which are hereby transmitted to the Council. The above mentioned doctors appeared at several of these meetings and Dr. Beck appeared at the meeting held on November 15, 1937. At this meeting, he stated that it was his first intention to sever his connection with the unethical practice engaged in by him but that he could not do so at the present time. He also stated that he could speak for Dr. Shields to the effect that Dr. Shields intended to abandon this type of practice.

After considering all the evidence, it became the duty of the Board of Censors under the Constitution and By-Laws of the Society to make a recommendation to the Council in regard to the charges.

The Board of Censors, after duly considering the charges presented to it, passed the following resolution:

It is the sense and conclusion of the Board of Censors and the Board recommends to the Council that:

1. The charges filed by the Grievance Committee against Dr. H. R. Shields and Dr. William F. Beck have been sustained;
2. Inasmuch as Dr. Shields and Dr. Beck have declared their intention to withdraw from their association with unethical practice, that Dr. Shields and Dr. Beck be suspended from the Multnomah County Medical Society until April 1, 1938;
3. A copy of this resolution be transmitted forthwith to the Council.

8529 The Board is hereby transmitting this resolution to the Council as the Board's recommendation for the consideration of the Council.

MULTNOMAH COUNTY MEDICAL SOCIETY

by Chairman, Board of Censors

Plaintiff's Exhibit 1915

8530 Portland, Oregon,
December 15, 1936

Multnomah City and County Medical Society
Board of Censors
Charles Sears, M.D. Pres.
Portland, Oregon

Dear sirs:

At our last meeting with the Board of Censors held on December 9, 1936, an understanding was reached to permit us a sufficient time before terminating our contracts with the C. H. Weston Hospital Association.

This period of time must be ample for us to accomplish the following purposes, 1-Conclude our existing contracts with the C. H. Weston Co.; 2-Opportunity to investigate

and secure desirable new locations, and 3-Payment of past financial obligations due us by the C. H. Weston Co. We feel that we could reasonably attain the above objectives by September 1, 1937.

In our previous discussions with the Grievance Committee and the Board of Censors we have at all times shown a willingness to cooperate in matters of discussion. We feel that our request is fair and reasonable and we hope that it meets with the approval of the Council of the Society.

Very truly,

(Signed) H. R. SHIELDS, M.D.

WM. T. BECK, M.D.

Nov. 15—1937

Dr. Shields says will terminate association Apr 1—1938.

Plaintiff's Exhibit 1916

8531 November 18, 1937

Dr. H. R. Shields
Times Building
Portland, Oregon

Dear Dr. Shields:

At a meeting of the Board of Censors of the Multnomah County Medical Society held on November 15, 1937, the Board considered the charges filed against you by the Grievance Committee on November 9, 1936.

The Board considered all the evidence and after due deliberation passed the following motion:

It is the sense and conclusion of the Board of Censors and the Board recommends to the Council that:

1. The charges filed by the Grievance Committee against Dr. H. R. Shields have been sustained;
2. Inasmuch as Dr. Shields has declared his intention to withdraw from his association with unethical practice, that Dr. Shields be suspended from the Multnomah County Medical Society until April 1, 1938;

3. A copy of this resolution be transmitted forthwith to the Council.

Notice of this action has been transmitted to the Council of the Multnomah County Medical Society for its consideration.

Very truly yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by_____
Chairman, Board of Censors

Plaintiff's Exhibit 1917

8532 November 19, 1937

Dr. H. R. Shields
Times Building
Portland, Oregon

Dear Dr. Shields:

The Council of the Multnomah County Medical Society has received a communication from the Board of Censors concerning a meeting of the Board held on November 15, 1937, at which it considered certain charges of unethical contract practice against you.

The motion adopted by the Board as its recommendation to the Council in regard to these charges has also been received by the Council for its consideration, together with transcripts of the evidence presented to the Board at the several meetings in which the Board considered the charges against you.

Under the By-laws of the Society, it becomes the duty of the Council to give this matter formal consideration without unnecessary delay.

This letter is to give you notice that a meeting of the Council will be held at the University Club on November 26, 1937 at 12:15 o'clock P.M., to give formal consideration to the charges filed against you by the Grievance Committee on November 9, 1936, and to the recommendation of the Board of Censors adopted at its meeting of November 15, 1937.

At that time you will be given a full opportunity to be heard.

Very truly yours,

THE COUNCIL OF THE
MULTNOMAH COUNTY MEDICAL SOCIETY

by_____
President

by_____
Secretary

Plaintiff's Exhibit 1918

8533 BEFORE THE BOARD OF CENSORS OF THE MULTNOMAH COUNTY MEDICAL SOCIETY

Excerpts of Hearing in re Drs. H. R. Shields and William F. Beck

November 2, 1936

CLOYD RAUCH
COURT REPORTER NOTARY PUBLIC
201 COUNTY COURT HOUSE - ATWATER 5387
PORTLAND, OREGON

BEFORE THE BOARD OF CENSORS OF THE MULTNOMAH COUNTY MEDICAL SOCIETY

8534 In RE: Drs. H. R. Shields and William F. Beck

Portland, Oregon, November 2, 1936

7:30 o'clock P.M.

BOARD OF CENSORS:

Dr. Chas. E. Sears, Chairman.
Dr. Frank Mount.
Dr. Robt. L. Benson.
Dr. John C. Adams, Secretary.
Mr. Clyde C. Foley, Executive Secretary.

GRIEVANCE COMMITTEE:

Dr. Karl H. Martzloff.
Dr. Richard B. Adams.
Dr. Frederick A. Kiehle.

PROCEEDINGS:

Chairman Sears: The meeting will come to order. I suppose you gentlemen know the purpose of this meeting tonight and I suppose you are also familiar with the fact that this is not a formal proceeding at all, it is a question of simply acting on information and asking you to come here to explain your relations with your insurance organization and tell us something about it rather informally.

I think you are familiar with the general purpose
8535 of the thing, to find out the method of operation and organization and method of obtaining patients and doing business, and I think it would probably be better if you would just explain that briefly and then we might ask you some questions.

Dr. Shields: Of course you know we work for the association, not that we are confining all our time to them—

Chairman Sears: Excuse me, I don't know anything about it; I am totally ignorant as to just what your relations are.

Dr. Shields: Well, we do the work for the insurance company, which as I understand is probably similar to the National or Industrial and other organizations. They take contracts and charge them so much per month in the industrial plants and we do part of the work.

Chairman Sears: Do you both work on salaries?

Dr. Shields: Largely on salaries, yes.

Chairman Sears: Do you get a sort of a commission in addition to a salary?

Dr. Shields: Not except in special cases. We do at times, yes. If it is a long case or difficult it is not entirely a salary.

Chairman Sears: Tell us something about the company and its organization. Is it a stock company?

Dr. Shields: I really know very little about the company; I have no connection with it. Neither Dr. Beck or myself have any connection with the company other
8536 than that they hire us to do the work, and as I understand it, it is controlled largely by Mr. Weston and Mr. LaRoche and possibly one or two others. I am not acquainted with the other stockholders at all.

Chairman Sears: Are the stockholders all lay individuals?

Dr. Shields: I believe they are.

Chairman Sears: Do you know how many stockholders there are?

Dr. Shields: I am not certain. I don't imagine there are over five or six. It is Mr. Weston's family largely, and Mr. LaRoche. I think there is another, Mrs. Wrightman, if I understand correctly.

Chairman Sears: Do you gentlemen have any voice in the policy of the organization?

Dr. Shields: Not entirely, no. They often consult us. They generally follow our suggestions in certain cases, but not always.

Dr. Mount: Do you mean in regard to the policy of the organization or in the conduct of the medical service?

Dr. Shields: More in the conduct of the medical service.

Chairman Sears: What is the method of getting contracts?

Dr. Shields: I believe they have one man that confines his time to the solicitation of industrial contracts; otherwise as far as I know it is largely through the con-
8537 tracts that they already have that they secure others.

Chairman Sears: Do they have any literature?

Dr. Shields: I am not certain as to that. I don't believe that they do; I have never seen any. They have a few individual policies which we have objected to and I think the company is tending to discontinue those.

Chairman Sears: What do you mean?

Dr. Shields: Individual contracts, that is, an individual pays so much a month outside of the group contracts.

Chairman Sears: You couldn't say whether they have any advertising literature or not?

Dr. Shields: Not to my knowledge. Have you ever seen any?

Dr. Beck: No.

Chairman Sears: Have they ever advertised in any magazines?

Dr. Shields: I am quite certain not, other than possibly some little folder, "C. H. Weston & Company, insurance."

Chairman Sears: They have a very definite contract, have they, that is signed with all individuals?

Dr. Shields: They have a few of those but I think that is decreasing, and as I understand it they intend to discontinue that line entirely.

Chairman Sears: In large organizations don't they sign some sort of a contract?

8538 Dr. Shields: They do with the firm; like Doernbecher's they do.

Chairman Sears: Do they take contracts with individuals in addition?

Dr. Shields: They have a few of those but I think that is just a side issue and they are attempting to discontinue that.

Chairman Sears: An individual works for a company for a period, and often times—

Dr. Shields: Often times he is out of employment and they come there wanting to secure coverage.

Chairman Sears: How many physicians do they have working for them?

Dr. Shields: They have Dr. Beck and Dr. Sisson and myself; we do most of the work at the office, and then they have consulting physicians over the city.

Chairman Sears: Are they on a salary or on a fee basis?

Dr Shields: I really don't believe they are on a salary, although I am not certain as to that. I think it is on a case basis, so much per case or whatever they agree to take care of it for.

Chairman Sears: The office work is the routine work that comes in?

Dr. Shields: That is the routine work in the office, yes.

If we feel that they should be referred to a man
8539 in any particular line of work we suggest that.

Most of the work is of an ordinary nature for minor things.

Chairman Sears: In other words the men don't have very much of a choice of physicians? They are rather limited?

Dr. Shields: Well, I suppose in the company they are limited. They can have the choice of anyone in the office there, and many times they go to the company and they let them go to whoever they wish.

Chairman Sears: That is on special occasions, is it?

Dr. Shields: Yes, I think it is. If they do not want to go to us they can go to whoever they wish.

Chairman Sears: If each and every man chose his physician and knew that he could, of course they wouldn't be so apt to be coming into the central office.

Dr. Shields: No, that is true.

Chairman Sears: It is only when a man understands if he pushes hard enough that he can get his choice?

Dr. Shields: Generally most of them are at least apparently willing to come there.

Chairman Sears: But that isn't part of the policy of

the company to express to the man that they have a reasonably free choice?

Dr. Shields: Well, I think they are quite liberal in it. I know many times I have gone to the company and suggested that they would like to see someone else and
8540 generally it is carried out; not in all cases, however.

• • • • •

Chairman Sears: Does the contract provide medical care as well as surgical care?

Dr. Shields: Yes.

Chairman Sears: So that the average individual expects complete coverage, that is, as far as his medical attention is concerned, and hospitalization, doesn't he?

Dr. Shields: I believe that is correct, yes.

Chairman Sears: You both then are doing the same work?

Dr. Beck: Yes, we are.

• • • • •

Dr. Martzloff: Does your company confine its hospital contracts to any particular wage group or can anybody obtain the service?

Dr. Shields: I think it is confined largely to group contracts of the regular employes. There may be a few of the higher wage earners get in.

Dr. Martzloff: Do you ever take care of the executives of an organization with which you have a contract?

Dr. Shields: Very few.

Dr. Martzloff: But you do occasionally take care of an executive?

Dr. Shields: Well, the superintendent, I think, of Doernbecher's — that is, he is the superintendent of one
8541 floor; there are two superintendents of each floor — I think they come in under it, but most of the office employes are not covered, and I am sure none of the men higher up like Mr. Green or Mr. Beech or any of those are covered. It is practically all the employes, most of the men earning from I would say $60 to $100 per month.

Chairman Sears: But aren't there instances once in a while when an executive—

Dr. Shields: I suppose there may be. Do you know of any, Dr. Beck? I don't recall of any of the executives.

Dr. Beck: I never see any.

Chairman Sears: I don't mean only Doernbecher's but other organizations.

Dr. Shields: There might be. I don't recall of seeing any that were the head of the company. Mr. Enquist is about the highest one at Doernbecher's, and he is superintendent of one part of the plant. When they come in we bill them as a private patient. We don't care about taking care of the head of the plant for just his good will, as you might say.

Dr. Martzloff: Does your company ever hospitalize an executive with whose organization you have a contract for the purpose of creating good will?

Dr. Shields: I don't think we have ever done that since I have been with them. Do you know of anyone, Dr. Beck, that they ever have?

8542 Dr. Beck: I don't recall of any.

• • • • •

Dr. Martzloff: When a patient is under the care of a physician other than the men employed by the Weston Company how are these physicians paid? Are they paid a fee or a flat salary?

Dr. Shields: There is one objection to it that we both admit is wrong. We feel many times, and we have always urged in a case like that that a physician should be paid a fair fee, and many times they will do it, but sometimes there have been objections and Mr. Weston will not pay, that is, what we consider fair. I suppose there are two sides to every question, but in the majority of cases if you will give him a little time and talk it over with him he will come to it, but I think he should pay these men more and be more liberal.

Chairman Sears: It is up to him? He can determine that?

Dr. Shields: I suppose it is, yes. We have no influence from any financial interest in the company or anything like that.

Chairman Sears: But he determines that and he is the final arbiter, is he?

Dr. Shields: Yes, he is.

Chairman Sears: And he has on occasions exer-

8543 cised —

Dr. Shields: Yes, I think at times he has been wrong. I guess many of us are at times.

• • • • •

Dr. Martzloff: When the matter of consultation arises are your patients allowed to choose their own consultants or are the consultants largely chosen by the company?

Dr. Shields: Well, in Dr. Beck's case I am sure there is, or at least that is my impression.

Dr. Beck: As far as stating a definite time, we didn't come here to set any exact definite time. If we had a few more days, we could probably do that.

Dr. Mount: What I mean, if you have entered into a contract you can't decently quit.

Dr. Beck: Well, I entered into a contract for my work with the Weston Company, and then I have some individual oral contracts with some other concerns. Now I would have to refer to my records for that.

Dr. Sears: May I suggest that the reason I asked you to be reasonably specific is this: You know we simply pass our recommendation on to the Council, and then you are supposed to have a hearing before the Council. I
8562 don't know whether notice has been served or not. The meeting of the Council will be next Tuesday night.

Mr. Foley: We don't serve notice until such time as the Board's recommendation is ready. There will be a Council meeting next Tuesday night, and they will be ready to receive any recommendation that the Board of Censors has.

Dr. Sears: Yes, this would necessarily come up at that meeting. We would want to be prepared.

Dr. Shields: I think as far as I am concerned I would be ready.

Dr. Sears: This is purely a general hint. Of course it has to do with some questions that might be asked of you in case it came up, so that you would be prepared in case the questions were asked of you. It has no particular bearing on our hearing tonight, it has to do with the outcome of the whole situation.

Dr. Richard Adams: Mr. Chairman, may we have a short recess? (Thereupon informal discussion was had, not for the record.)

Dr. Sears: We will declare ourselves now in session.

Dr. Mount: I would ask Dr. Beck and Dr. Shields if they would be willing to send in a writing as a statement of the particular times at which their contract practice could be terminated.

Dr. Shields: Yes.

Dr. Beck: That letter is to be mailed to the
8563 Board of Censors, is it?

Dr. Mount: To the Board of Censors, or directly to the Chairman of the Board of Censors.

Dr. Beck: I have one more question to ask, and that is the question I asked a few minutes ago. My understanding is that all of the memberships in the City and County Medical Society terminate automatically on the last day of December, and that in order to be readmitted, you have to subscribe to certain statements. In other words, that you abstain from any affiliation with hospital associations. I wonder with an admission and statement that we are willing to give, whether we will be members of the Medical Society beginning the first day of January.

Dr. Richard B. Adams: That provision, I believe, is in the process of amendment at the present time. (Thereupon informal discussion was had, not for the record.)

Dr. John Adams: The answer to the question, under the circumstances, would be "No". If you have acted in good faith, I think the Society would reciprocate.

Dr. Beck: As I understand, the only charge against us is that we do contract work for C. H. Weston Co., isn't that true?

Dr. Sears: With all that that involves.

Dr. Shields: With all that that involves. As I understand it, there are no other present charges?

Dr. John C. Adams: No blot on your personal
8564 name at all.

Dr. Shields: I feel that we have a right to our own opinion, and even though we continue in the Society, we can come forward with that at any time. I expect everyone else to be dealt with as we are dealt with, and if they are not, we are going to bat with it.

Dr. Sears: Correct.

(Thereupon informal discussion was had, not for the record.)

Dr. Mount: Mr. Chairman, I move that the matter of Dr. Beck and Dr. Shields be postponed until we have received the communication that they have indicated they would present.

Dr. Sears: I guess there is no particular discussion necessary. All in favor of this motion respond with the usual sign. Contrary, no. Motion carried.

(Thereupon, upon motion duly made and seconded, the meeting was adjourned at the hour of 8:50 o'clock p.m.)

Plaintiff's Exhibit 1920

8565 BEFORE THE BOARD OF CENSORS
OF THE
MULTNOMAH COUNTY MEDICAL SOCIETY
IN RE:

	Page
Dr. William F. Beck	1
Dr. H. R. Shields	1
Dr. Frank E. Butler	7
Dr. Lyle B. Kingery	39
Dr. Charles T. Chamberlain	56
Dr. G. W. Millett	70

November 15, 1937

CLOYD RAUCH

Court Reporter Notary Public
201 County Court House - Atwater 5387
Portland, Oregon

8566 BEFORE THE BOARD OF CENSORS
OF THE
MULTNOMAH COUNTY MEDICAL SOCIETY
IN RE:

Dr. William F. Beck.
Dr. H. R. Shields.
Dr. Frank E. Butler.
Dr. Lyle B. Kingery.
Dr. Charles T. Chamberlain.
Dr. G. W. Millett.

Auditorium, Medical-Dental Building
Portland, Oregon, November 15, 1937.
7:30 o'clock P.M.

BOARD OF CENSORS:

Dr. Charles E. Sears, Chairman.
Dr. Frank R. Mount.
Dr. Roy A. Payne.

GRIEVANCE COMMITTEE:

Dr. Richard B. Adams, Chairman.
Dr. Stanley Lamb.
Dr. W. F. Hollenbeck.
Mr. Clyde C. Foley, Executive Secretary.
Mr. John J. Coughlin, Legal Adviser.

PROCEEDINGS:

(In re: Drs. William F. Beck and H. R. Shields.)

Chairman Sears: I suppose you received your
8567 notice.

Dr. Beck: Yes, I did.

Chairman Sears: Have you anything to add about the matter? I think it would be rather useless to go into any introductory matter. The past relationships I think have been sufficiently gone into. The question has to do with the fact that you were going to let us know about the first of September as to what your relations were going to be.

Dr. Beck: Of course I am speaking for myself, but I think I can also speak for Dr. Shields in a general way. Our opinion is still the same, that as soon as we can really take care of our financial obligations without the help of the Weston Company we are willing to sever our relations with the C. H. Weston Insurance Company.

Chairman Sears: Well, this spring you thought it would be this summer and in the summer you thought the first of September, and then we have had no notice from you since the first of September, which is two and a half months.

Dr. Beck: I did call your office, Dr. Sears, several times, and I think I talked to you once, and Dr. Shields was out at that time and then I went on a vacation and there was never anything further said.

Chairman Sears: Well, as I interpret it I think it was your duty to serve notice on us in writing as to your intentions. We want to be perfectly fair. We have been pounding this one and that one and the other one,
8568 and we don't care to be accused of injustice or anything of that kind. They are wondering what it is all about, because we are approached repeatedly about this one and that one. They say, "What are you doing? If you are not proceeding, what is the matter?" In fact, the word even goes out that the Board of Censors is not